Canada Counts Its Drought Loss (Page 9)

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, AUGUST 1, 1936 | 10c a Copy; $5.00 a Year | No. 31

The Nation's Business

Lord Rothermere's Views on Price of Newsprint

Canada's Reputation in Great Britain

News We Create Is News That Is Published

Canada Bread's Comeback

Kind of Success Country Needs

Rothermere On Newsprint

NEWSPRINT is one of the two most important products which Canada ships to the markets of the world. Several hundred millions of capital are invested in paper mills and timber limits. Every year millions are disbursed for wages, materials, transportation, taxes and other items. The welfare of the industry is of national concern.

Unfortunately the industry has been passing through difficult times. For a while the trouble was lack of demand, but in the last 2 years the selling price of paper has been barely sufficient to cover the cost of manufacture without any allowance for the utilization of the Dominion's valuable timber resources.

It is of more than passing interest, therefore, when a man of the standing of Lord Rothermere comes forward and says that the manufacturers should get $50 a ton net at the mill, instead of about $33 or $34 as at present. His opinion is important, not only because he is interested financially in newsprint properties, but also because his papers are probably the largest consumers of newsprint in the world. An advance in price such as he suggests would put the industry in a prosperous state, but an increase of $16 a ton is questionable.

A higher price is desirable and even necessary, but such a sharp increase might bring in its wake extravagances, unsound promotional ventures and the development of new sources of newsprint. For these reasons the Canadian industry favors a more moderate and orderly advance in the price of newsprint to preclude such happenings. While Lord Rothermere's suggestion does not find support among manufacturers in this country, nevertheless his optimistic views are timely in strengthening confidence in the early rehabilitation of one of the Dominion's leading manufacturing industries.

* * *

How Canada Stands in Britain — and Why

CANADIAN visitors to Great Britain observe with regret—or think they observe—that this country attracts less favorable publicity in the Old Country press than do other Dominions. The impression is particularly strong as regards the financial columns of the newspapers.

Unfavorable news from Canada seems certain of being given substantial prominence; more happy events—outside perhaps of the birth and growth of quintuplets—get less attention.

The chief agencies sending news from Canada to Britain, such as Reuter's, cannot be accused either of desiring to paint the Canadian picture in dark colors or of actually doing that. Reuter's and the Canadian special correspondents of British newspapers have some control over what they send but must send all the news, good or bad. They can have little or no control over what is published, for the British editor will make his own selection.

If it is true that, of the good news and the bad news that comes from Canada, the British press is inclined to select for publication that which presents the Canadian financial picture in an unfavorable light, Canadians have a right to look for the reasons underlying such a policy. It may be that they will find one of the reasons at home in our own public indifference to Dominion, provincial and municipal compromises with propriety and honor in public finance.

* * *

THE Grand Trunk affair, so badly handled from the legislative and public relations standpoints, hurt Canada's reputation among British investors. Not all British investors have outgrown their displeasure over that matter.

There have been worse Canadian mistakes since. The threats and acts of Mayor McGeer of Vancouver and Premier Aberhart of Alberta could be quickly forgotten and forgiven by British investors who have had plenty of experience with demagogic monetary cranks in other parts of the world. Even widespread Canadian municipal defaults are but the counterpart of similar defaults in other countries. But the outright repudiation of contracts is something the investor in the Old Country cannot understand, especially when it happens in the supposedly sane and solid old banner province of Ontario. The continued dilly-dallying with the railway problem, which is slowly but surely driving Canada to the edge of the abyss of national bankruptcy, is also beyond the comprehension of the British investor, who has gone through several years of determined sacrifice to protect and strengthen the financial position of his own country.

* * *

BEFORE we criticize the unfriendliness of the British press toward Canada we ought to give more consideration to the type of news there

(Continued on page 8, col. 3)

Contempt of Court Actions Challenge To Press Freedom

Case Against The Post Makes Legal History

FIRST IN CANADA

A familiar concept to lawyers and newspapermen is embraced in the phrase "contempt of court." Yet contempt of court cases have been exceedingly rare in Canada. Coincidence has brought the subject to the front pages of the newspapers and has started a discussion of the subject in the editorial pages. The coincidence involves these three events:

Contempt of court actions instituted by the Attorney-General of Great Britain against certain London newspapers for their handling of the recent incident which resulted in an obscure herbalist being charged "with unlawfully having in his possession a loaded Chicago Arms Company revolver with intent to endanger life and property."

A contempt of court citation against Floyd S. Chalmers, editor of The Financial Post, for a news article that appeared June 6 last and which resulted in the imposition last week by Mr. Justice C.P. McTague of a fine of $100 and costs on the editor as the "sacrificial victim" in what is the first Canadian case of its kind.

A motion by counsel for a group of "relief strikers" in Toronto for contempt of court proceedings against Toronto daily newspapers and certain unnamed public men for their reference to the events that led to the arrest of 37 men on charges of "forcibly seizing or holding persons" and of "unlawful assembly."

Published "Record"

The basis of the charge against the London newspapers is not entirely clear from cable dispatches, but at least one point charged against them is that, in publishing the previous record of the man under arrest, they have prejudiced the nation and prospective jurymen against him.

In the case involving The Financial Post, the supposed contempt arose from the fact that, in publishing the news of the arrest of I.W.C. Solloway on a charge of theft of clients' funds, The Financial Post referred to a report of O. E. Lennox, assistant master at Osgoode Hall, who, in certain misfeasance proceedings, had found that Solloway had misappropriated the funds in question.

Two Claims Made

Solloway, in applying for a writ of attachment for contempt of court, argued first that the article in The Financial Post tended to interfere with the fair trial of the criminal charges pending against him and, second, that it tendered to interfere with the fair disposition of his appeal from the report of the assistant master.

In rendering judgment, Mr. Justice McTague dealt lightly with the second point. He held that The Post's article was "not likely to prejudice the judge who may hear the appeal." But he found that the editor of The Post had been in contempt so far as the article related to the criminal proceedings.

The article in The Post was based on the report of the assistant master and was "reasonably accurate as to dates." But, Justice McTague pointed out, the report of the assistant master had been appealed from and was not a final judgment; it would not be admissible in the criminal trial even if it were final, and it was quite improper to include it or even refer to it in connection with criminal proceedings arising out of the same transactions.

Law of Contempt

In his judgment Justice McTague delved at considerable length into the law of contempt and the precedents relating thereto. He indicated that there was little Ontario precedent on the subject. (In fact, of the cases cited by him, only one had been decided in Canadian courts.) Apparently he recognized that his

(Continued on page 3)

Contempt Comment Of Press

Is It In Public Interest?

Saturday Night, Toronto

The power of the courts to punish contempt is undoubtedly necessary for the proper administration of justice; but it is a power which should be used only with the utmost discretion. We are not convinced that the decision in the contempt case against Mr. Floyd Chalmers, editor of The Financial Post, is in the public interest.

Mr. Chalmers printed some comment on the report of the Assistant Master of the Supreme Court of Ontario in certain misfeasance proceedings against a Mr. Solloway. In this report the Assistant Master "finds that Solloway misappropriated the moneys in question." (We quote from the judgment of Mr. Justice McTague imposing on Mr. Chalmers a fine of one hundred dollars). There is an appeal by Solloway against the report, and there is also a criminal charge of theft pending against him. It was represented by counsel for Solloway that Mr. Chalmers' comment tended to interfere with the fair trial of the theft charge and with the disposition of the misfeasance appeal. Mr. Justice McTague seems to have concerned himself chiefly with the effect upon the criminal procedings, in which, as he points out, the misfeasance report would be inadmissible as evidence and could not properly be referred to. We think that he fined Mr. Chalmers for putting into the minds of possible "prospective jurymen" in the theft case "facts, opinions and insinuations which would be entirely inadmissible in a court of law," and which would tend to make them prejudiced against Solloway.

It seems to us that the "prospective jurymen" might reasonably be assumed to have sufficient intelligence to discriminate between the two cases. It is not suggested that the report of the Assistant Master should have been withheld from the knowledge of the public, including the prospective jurymen, in spite of the facts that it was not final and that it was eminently calculated to prejudice their minds against the accused in respect of the theft charge. And if the report was a proper matter for publication, it seems to us that comment upon it should be a proper matter for publication also, provided only that it was not made to appear as comment upon another case, the theft case, which had as yet received no adjudication whatever. It is possible to misappropriate moneys without being guilty of theft. Our point is that while there is a report of an Assistant Master of the Supreme Court outstanding, and not yet upset on appeal, which declares that So-and-So misappropriated moneys, an editor ought to be able to assume in his comment that So-and-So did misappropriate moneys, no matter whether that assumption is calculated to have an effect upon So-and-So's trial for theft or not. It is the business of the courts to make clear to the jurymen that anything that they may have read concerning the misappropriation of moneys has no bearing upon the charge of theft. We think that juries are as a rule intelligent enough to make the distinction, with the aid of a careful judge. The demand that the minds of the entire public shall be kept in a state of complete blankness concerning the behavior and character of a person who has already been found to have committed misappropriation (for the argument on this point would be just the same if the Assistant Master's report had been sustained on appeal), merely because he has the misfortune to be undergoing prosecution on a criminal charge is surely putting a

(Continued on page 3)

STAGGERS INDUSTRY

Lord Rothermere, important British publisher, also financially interested in many newsprint companies, who breaks into the news declaring newsprint manufacturers should get $50 a ton for their product instead of about $34.

Baker Heirs Come to Life In Hamilton

Ontario Securities Commission Probes Promotion

BAKER IN TORONTO?

The old Baker heirs promotion, to which Canadians have subscribed many thousands of dollars, has been revived in Ontario, according to word from Hamilton.

William Baker, founder of the Drake-Watson-Springer Heirs Association, and one of the promoters of the Baker heirs is said to be in Toronto at present, but The Financial Post cannot establish this.

It is understood the Ontario Securities Commission is making some investigation in Hamilton to attempt to trace the reported visit of Baker to that city.

Approach to "Heirs"

Apparently the story being told to "heirs" is that millions in the reputed Baker estate in Pennsylvania are just on the verge of being distributed. This is strikingly similar to the story of years gone by when "heirs" were solicited for subscriptions to fight the good fight for the supposed assets.

One Hamiltonian says he subscribed $200 a few days ago. Apparently he was told that so much money has accumulated in the estate that "the government" doesn't know what to do with it, which would indeed be something new. Also, that the pay-off—when it comes —will be at 10,000 to 1!

Mr. Justice Logie, discussing the Drake-Watson-Springer Association in assize court in 1928, commented it was "a privilege of the public to be foolish if they so desired."

The Baker Heirs Association is just one of many in which William Baker has participated. In 1932, Col. George A. Drew, then the Ontario Securities Commissioner, actually attended one meeting of the Drake-Watson-Springer Heirs Association at Toronto and told the hopeful subscribers what he knew about the various associations. It was not very encouraging.

Explaining that Mr. Baker had told him that one A. Seligsohn of Pittsburg had the handling of the "estates" and had received some $228,000 from the associations, Col. Drew stated:

"In the various associations, a total of over $400,000 had been collected in the 6 years of their existence, according to my information.

"Following enquiries we went into the matter and found that $92,746 had been paid over to Mr. Baker by all the associations, in salary and expenses, with other office expenditures paid in addition."

Colonel Drew also reported that he had been unable to obtain an appointment with Seligsohn.

Manitoba Government Falls Against General Discontent

From Our Own Correspondent

WINNIPEG. — Defeated at the polls, the Bracken government may still be able to carry on in Manitoba. This is made possible, because of a lack of coherence in opposition groups, and because its followers will still constitute the largest single group in the legislature.

Much will depend upon the attitude of the Social Credit members, of whom there will be five and possibly more. These may be willing to give a passive support to Premier Bracken, rather than precipitate another provincial election. To the Social Credit campaign must be attributed much of the confusion which now reigns in Manitoba provincial politics. True, the new party got nowhere in Winnipeg. Its principal appeal seemed to lie in the fact that it emphasized the Aberhart plan to reduce interest rates. And it also offered an outlet for discontent. Three cornered contests which prevented either of the larger parties from gaining a clear cut mandate proved vital assistance.

Disappearance of the C.C.F. as an outlet for discontent was one of the remarkable features of the election. Voters appeared to be turning against old members of the legislature even more than against the government as such.

The enormous first choice vote polled in Winnipeg by former Judge Stubbs was largely at the expense of labor leaders who in earlier elections had been heavily supported. Although Mr. Stubbs is an avowed Socialist and had contested a Dominion by-election as a C.C.F. candidate, he was opposed in Winnipeg by all the party slates. But he got more first choice votes than any other five candidates combined.

The radical element in the legislature, including probably one Communist, the Labor-C.C.F. members and the Social Credit representatives will be far outnumbered by the combined Liberal and Conservative representatives. But a coalition of the two old parties is regarded as impracticable, at least unless it is forced by another provincial election which may become necessary.

Interest Rate Reduction Lowers Savings Deposits

A decline of $22 millions in savings deposits with the Canadian chartered banks features the composite statement of the 10 institutions for June. Much of the reduction is regarded as attributable to the cut in interest which became effective on savings at the beginning of the month. Savings deposits totalled $1,504.8 millions at the end of the month.

Other major changes during the month were a sharp decrease of $42 millions in current loans in Canada, bringing the total to $657.4 millions, and an advance of $23 millions to $1,368.2 millions in government and other securities.

Atlantic Air Flights Are Unlikely This Year

It is unlikely test airplane flights over the north Atlantic air route will be made this year. At the sub-Imperial conference at Ottawa late last year, it is understood that trial trips via the proposed Great Britain-Newfoundland-Canada route were planned for last April. Later developments caused postponement until August, and now it is felt that need elsewhere of some of the new machines which were to be used will further delay the tests.

$50 Newsprint F.O.B. Mill Advocated by Rothermere

Publisher - Manufacturer Thinks Canada Should Not Sell for Less

SEES NO BAR TO BOOST

By JOHN LANGDON

MONTREAL. — Canadian newsprint manufacturers should not sell their product at less than $50 a ton net at the mill and in order to attain this objective they should rid themselves of their "ridiculously" pessimistic views and throw off the yoke of intimidation of large users of paper in the United States.

This is the opinion expressed in a letter to G. T. Clarkson, receiver of Abitibi Power and Paper and L. J. Belnap, president of Consolidated Paper Corp., by Lord Rothermere, whose newspapers are among the largest consumers of newsprint in the world and whose investments in newsprint mills run into several millions of dollars.

Directly or through the Daily Mail and General Trust Ltd., of which he is a director, Lord Rothermere publishes the Daily Mail, Daily Mirror (which has the largest circulation of any paper in the world), London Evening News and many other English papers. In the newsprint manufacturing field, he and his associates control the Empire Mills in England, Anglo-Newfoundland Development Co. in Newfoundland and Anglo-Canadian Pulp and Paper Mills in Quebec. In addition the Trust has very large holdings of bonds and stocks in Consolidated Paper Corp. and Abitibi Power and Paper, all made on his suggestion.

At this time, when the Canadian manufacturers are endeavoring to secure a better price for their newsprint, the opinion of Lord Rothermere is of the greatest importance as in his dual rôle of publisher and manufacturer he is able to appraise the situation both as a producer and consumer.

Negotiations between the Canadian manufacturers and the United States publishers in regard to the "domestic" price on 1937 deliveries are expected to commence within the next few weeks. Naturally there have been rumors as to what price the manufacturers will demand for their product. To date the most optimistic forecast has been an advance of $4 to $5 a ton, the more conservative view being an increase of $2 to $2.50 a ton.

The net mill price of $50 a ton which Lord Rothermere advocates is equivalent to $57 a ton on paper delivered in the New York and Chicago zones and contrasts with the present official rate of $41 a ton.

(Continued on page 2, col. 1)

Highlights

Destructive Drought

Damage over large areas of Canada may act as a brake on national recovery. Appraising the cost. Page 9

Job Finder

Arthur B. Purvis, Canada's new employment commission head, holds unswerving loyalty of those who work for and with him. Page 9

Share Outlook Changes

Canadian issues may follow a further New York rise. Page 16

Syndicates R.I.P.

Passing of syndicate form of mine financing unmourned by Canadian mining public. Page 14

Investor's Index

INDUSTRIALS AND UTILITIES

Abitibi . . . 1, 4, 10
Bank of Canada 11
Bldg. Prod. . . . 4
Can. Bread . . . 4
Can. Canners . . 4
Can. Malting . . 4
Canada Bread. 2, 4
Cons. Paper . . 1
Crown Life . . 11
Dom. Textile. . 7
Dom. Bridge . . 8
Dom. Engineer. 8
Dom. Bridge . . 4
Dosco 8
Donnacona . . 1, 10
Dom. Tar 4
Electrolux . . . 2
Fairbanks-Morse 5
Foundation Co. . 4
Gr. Lakes Pap. 1, 5
Grand Trunk R. 2
G. and W. . . . 4
Gypsum, Lime . 4
Geo. Weston . . 4
Ham. Bridge . . 4
Hayes Wheels . 4
Int. Paper . . . 1
Int. Power . . . 4
John A. Lang . 10
J. S. Mitchell . 10
Kennedy Const. 8
Laura Secord . 10
London Life . . 11
Loblaw 10
Massey-Harris 4, 10
Mercury Mills . 10
Mex. L. & P. . 8
Metropol. Life . 11
Mersey Paper . . 1
Nat. Sewer Pipe 4
North Am. Life. 11
Ont. Steel Prod. 10
Orange Crush . 2
Paramount. . . 4
Price Bros. . . . 1
Port Royal Pulp 5
Rolland Paper . 5
Royal Bank . . 11
Robt. Gair . . . 2
Sask. Gen. Trust 1
Silverwood's . . 4
Serv. Stns. Ltd. 5
Seaboard Power 8
Stop & Shop . . 16
Taplin N. T. S. . 10
Twin City R. T. 2
United Steel . . 4
U. S. Fidelity . 11
W. Steel Prod. . 10
W. Kootenay Pr. 4
Walker's 4

MINES AND OILS

Arno 14
Beaufor 14
Blue Star . . . 15
Presdor. 14
Buff.-Canadian . 15
Blackburn-Patt. 15
Big Master . . . 14
Beattie 14
Bousquet 15
Bouscadillac . . 15
Capital Interest 15
God's Lake . . . 14
Clericy 14
Cuniptau 14
Coniaurum . . . 14
Darwin 14
E. Malartic . . . 14
Faulkenham . . 15
Franklin Mining 15
Gale Gold . . . 15
Gurney Gold . . 15
Gillies Lake . . 14
Grandboro . . . 14
Gold Creek . . . 15
Horseshoe . . . 15
Halcrow Swayze 15
Kenora Prosp. . 15
La Rose 15
L. B. United . . 15
Lake Hill 15
Leitch 15
McMillan 14
Miller Bay . . . 14
Minto 14
Mosher L. Lac . 14
Matachewan . . 14
Neda Gold . . . 15
Nor. Can. Mng. 15
Pandora Cad. . . 15
Rahill 15
Royalite Oil . . 10
Sheep Creek . . 14
Thompson-Cad.. 14
Vanson 15
Ventures 14
Velma Gold . . . 15
Wascanna . . . 15
Wylie Domn. . . 15
Wendigo 16

QUOTATIONS

Stocks 12
Bonds 12
Mines 12
Grain 13
Foreign Exchange . . . 5

REGULAR FEATURES

Banking . . . 11
Bond Markets . . . 5
Business . . . 7
Construction . . . 8
Dividends Declared . . . 12
Editorial . . . 6
Grain . . . 13
Investment Trends . . . 4
Insurance . . . 11
Investors' Enquiries . . . 10
Mining . . . 14, 15
Municipal Finances . . . 5
Company Earnings . . . 2

What They Have to Say On Rothermere Bombshell

Lord Rothermere's importance as a publisher and newsprint manufacturer gives considerable weight to his opinions on the newsprint situation and the price structure. His views differ so widely from those held generally in this country that The Financial Post canvassed a number of principal manufacturers and consumers for their comments on the price structure and the suggestion put forward by Lord Rothermere that newsprint should sell at $50 a ton net at the mill.

When approached by The Financial Post for his views on the Rothermere letter, G. T. Clarkson, receiver for Abitibi Power & Paper Co., declined to comment.

L. J. Belnap, president of Consolidated Paper Corp. and one of the recipients of Lord Rothermere's letter, has been absent from Montreal for several days on an inspection trip of the timber limits on Anticosti Island and was not available for his comments at the time of going to press.

I. P. Wastes No Words

International Paper Co., which directly or through subsidiaries, is the largest manufacturer of newsprint in the world and has plants in the United States, Canada and Newfoundland, says little on Lord Rothermere's proposal, but it is very much to the point:

"We do not agree with Lord Rothermere's views on newsprint price as quoted. We feel that any such price is unwarranted."

Kernan Wants Moderate Increase

Donnacona Paper Co. is one of several Canadian newsprint manufacturing firms that had to go through the bankruptcy courts largely on account of the low price for newsprint. Robert P. Kernan, president of this company, makes the following comment:

"In my opinion an increase in the price of newsprint for 1937 is absolutely necessary. Lord Rothermere's suggestion of an f.o.b. mill price of $50, however, means an increase of about $16 a ton over the present price. This suggestion surprises me, especially as it comes from a publisher, because I do not believe that North American publishers could pay such an increase without severe adjustment of their business which might mean diminished consumption and consequent ill-effect on newsprint producers. I question as to whether or not such an increase, even if feasible, would be wise from the point of view of the industry as it might lead to another wave of expansion and the introduction of extravagances both of which should be avoided. I am in favor of a price increase for 1937 but a more moderate one than that suggested by Lord Rothermere."

Price Bros. Receiver Comments

Hon. Gordon W. Scott, receiver for the Bankrupt Price Bros. and Co., is keenly interested in an advance on the price for newsprint, a limited revenue, and not tonnage, is the principal problem of the company he manages. He says:

"There is no doubt in my mind that consumption is rapidly overtaking ability to produce in the newsprint industry. The cost of producing has increased, and will increase as a result of higher wages which were long overdue and also increased taxation and many other factors.

"This combination is bound to bring about a natural increase in price and I agree with Lord Rothermere that an increase is both justified and necessary. I do not believe, however, that these increases can approximate that suggested by Lord Rothermere. In the interests of our customers and ourselves, I believe that the industry should put forth every effort to prevent too drastic an increase."

Jones Sees Publishers Helping

Mersey Paper Co., of Liverpool, N.S., operates one of the lowest cost newsprint mills in the world and an advance in price such as suggested by Lord Rothermere would very materially add to its earning power. During the depression this company met all of its debt obligations despite the low selling price of paper. Colonel C. H. L. Jones, president of Mersey, has the following to say:

"The present price of newsprint and the one that has been inflicted on manufacturers for some time is ridiculously low and I have met no publisher who did not admit that there should be an increase.

"We are depleting our forests and wearing out our machinery. The present price will not permit most mills in the country to get back a new dollar for an old one.

"Paper manufacturers for the last 8 years have had nothing but a lot of hard work and grief to show for their efforts and in my opinion the price of newsprint should be increased and a fair price established which would permit newsprint companies to live and which I feel sure publishers will be glad to give."

Consumer Speaks Out

The watchdog for the American publishers is W. G. Chandler, chairman of the newsprint committee of the American Newspaper Publishers Association and general business manager of the Scripps-Howard Newspapers. The latter buy several hundred thousand tons of newsprint annually and rank after the Hearst group as the largest consumers of newsprint in the United States. His remarks on the $50 per ton net at the mill price follow:

"With all due respect to Lord Rothermere, he is speaking as an investor and stock market operator and not as a publisher. His statement ignores all the fundamental factors involved in the existing situation which must be considered by publishers and manufacturers alike. It is difficult for me to understand his making such a statement. No clear sighted manufacturer of any commodity should utterly ignore the necessities and possibilities of his customers.

"There is little wisdom in killing the goose that lays the golden egg. American publishers have often wondered at the business philosophy which apparently has led some Canadian manufacturers to look upon their customers as their enemies, to be trapped, tricked or starved by joint seige, instead of being their friends and co-operators, who supply the sinews of war. Perhaps if this policy had not been pursued so ruthlessly during the past, manufacturers and publishers might be meeting today in joint conference as to the best way of serving their mutual interests.

"Of course the price of $50 is utterly ridiculous."

Question Rothermere's Stand

L. B. Palmer, general manager of the American Newspaper Publishers Association, which is a power in the American newspaper field, says that the current A. N. P. A. newsprint bulletin will quote Lord Rothermere's opinion on the desirability of a higher price, and states:

"Lord Rothermere is the publisher of the London Daily Mail, the Daily Mirror and other British newspapers. He and his associates are the principal owners of the Anglo-Canadian and Anglo-Newfoundland Paper Mills. He is a heavy investor in the bonds and stocks of other Canadian paper companies and is reputed to be a market operator in Canadian newsprint securities, including those of the Abitibi and Consolidated Paper Companies. His letter is addressed to the responsible operators of the last-named companies.

"It is difficult to reconcile Lord Rothermere's present viewpoint with his action in 1931 when he sold the output of his Anglo-Canadian mill at $47.50 per short ton, when the market price of newsprint was $57, thereby reducing the price level in North America."

C. H. Carlisle, president of The Dominion Bank, who entered the newsprint picture this year as the president of Great Lakes Paper Co., comments:

"If the Canadian mills are capitalized at actual values, if the mills are economically operated, and if stumpage dues and power rates are equitable, Canadian costs would not justify a selling price of $50 a ton. The present price of $41 to Canadian mills is too low, but a price in the neighborhood of $44 a ton should be fair to both the purchaser of paper and to the Canadian mills."

Lumber Sales Soar in June

A sharp gain in exports of lumber features the week's statistics. Foreign sales are 30% higher than in June a year ago.

Detailed reports of business conditions in each province are found on page 7.

	June	—Change— From prev. period %	From prev. year %
Monthly			
Pig iron prod., tons	52,362	—13	+12
Steel ingots, tons	82,196	—13	+8
Imports:			
Raw cotton, lb.	7,415,651	—34	+0.2
Life insur. sales	$32,277,000	—13	+12
Car Financing:			
New cars	$3,954,222	—34	+46
Exports:			
Planks & boards, m. ft.	169,550	+3	+30
Elec. pwr. output	*2,026,695	+6	+11.7
Motor vehicle sales:			
Passenger, No.	10,089	—57	+8
Trucks & buses, No.	2,447	—33	+19
Bank debits	[illegible]	+5	+27
Weekly			
Car loadings, No.	45,496	+5	+6.4
Cattle sales, No.	15,450	+17	+21
Hog sales, No.	16,500	+1	+46

* 000's omitted.

Sask. General Trust Gets Winding Up Order

Saskatchewan General Trust Corp., Regina, has been granted a court order for winding up its affairs under the Winding Up Act. Canada Permanent Mortgage Corp. has been appointed the liquidator. The final decision to wind up the corporation was made at a shareholders' meeting, July 22.

It is understood that Saskatchewan General Trust Corp. had been considering winding up prior to July 1 of this year when the Saskatchewan Companies Inspection and Licensing Act came into force. After inspection was made, it is understood the company was advised by government authorities that a license could not be granted. This apparently speeded the winding-up.

A. E. Fisher, superintendent of insurance, is inspector under the Inspection and Licensing Act. He will have authority to inspect Saskatchewan-incorporated companies, but as to outside companies operating in the province the authority simply extends to the granting or declining of licenses.

Crop Damages Now Believed Not So Heavy

See Possibility of Wheat Crop Equal to Last Year

BUT MORE VALUABLE

From Our Own Correspondent

WINNIPEG.—While some harvesting is under way in all 3 prairie provinces, and the harvest practically everywhere will be early, there are still some fair sized areas capable of benefitting from late rains, which might assist kernels to fill. Similarly there are areas where damage from rust may still occur, although on the whole the crop is too far advanced for this fungus to make very important headway.

250 Millions Possible

There is now a tendency to think that the wheat crop may turn out somewhat better than was feared a week ago. Hopes of a total yield as high as 250,000,000 bushels or only slightly less than last year have been revived. The majority of estimates, however, place the crop as something better than 225,000,000 bushels, though 2 estimates below that figure have been announced. The government summary this week states that the grain crop as a whole will be the lightest in years.

From scores of places come reports that farmers have been agreeably surprised to discover that heads have been filling more completely than was earlier anticipated. In consequence the area of really good crops, although extremely small, is somewhat higher than earlier estimates.

In addition some crops which were thought to be completely worthless are proving worth harvesting.

Coarse Grains Hit

Oats and barley, it is being discovered on the other hand, have been hit more severely than wheat. They have often proved to-be complete failures in some districts where wheat yields will be fair. The quantity of coarse grains available for sale will be very small, and on a great number of farms feed during the coming year will constitute a serious problem. Rains may yet provide pasture, and to some extent at least could produce late fodder from crops not worth cutting now for grain.

Better Grade

Even should prices rise no more than has already been the case the wheat crop this year should be considerably more valuable to farmers than in 1935. True, the wheat Board basic price of 87½ cents a bushel was not far below the level currently prevailing. But the average grade of last year's crop was so low that the actual price to farmers was naturally far below the basic figure. This year the grade should be higher.

This year's drought has covered some of the territory in southern Saskatchewan which has been continuously hit since 1928. It has also struck in central Alberta and western Saskatchewan territory in which yields in previous years have been almost uniformly good.

Some Good Crops

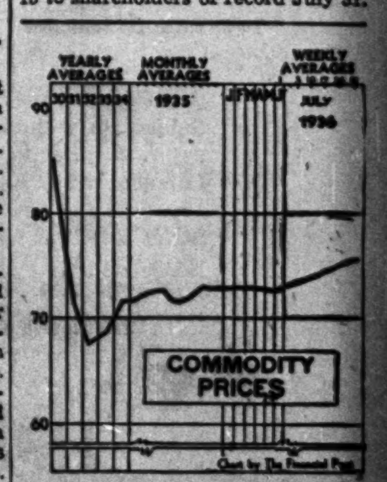
A limited number of farmers in Manitoba and Saskatchewan, and a few in Alberta, although the number there is small, will do very well with yields promising around 30 bushels to the acre. In addition there are farmers, mainly in Manitoba, with good barley crops, who will probably be able to cash in on the high premiums prevailing for malting grades.

Vegetable crops almost everywhere in the west are poor, which will mean higher costs of living or in many cases doing without.

A western wheat crop this season approximately equal to last year's yield of 260 million bushels, is seen as a possibility by R. D. Colquette, of the Country Guide (Winnipeg).

"It is difficult to assess the damage that has been inflicted on the crop by the 1936 drought," states Mr. Colquette. "Our present guess, and it is only a guess, is that the wheat yield will be somewhere near the yield in each of the last 2 years, which was approximately 260 million bushels."

Directors of Standard Steel Construction Co. have declared a dividend payment of $3 a share on the 6,790 preferred shares of no par value. Payment will be made Aug. 15 to shareholders of record July 31.



PRICES CONTINUE GAIN

Wholesale commodity prices advanced to 74.7 in the week ended July 24 from 74.1 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

MEN'S SHOP

Revealing

A STOCK "SECRET"

Yes, there is a secret behind the pleasing convenience of shopping at the Men's Shop, Eaton's-College Street!

The "secret" lies in our careful buying ... for when you shop at the Men's Shop, you make your selection from a range of clothes and accessories, complete to almost every detail ... up-to-the-minute in style ... yet selected especially to meet the discriminating tastes of Men's Shop customers!

Whether it be sports attire, a custom tailored shirt, or the most formal evening wear ... from hunting togs to slippers, you will find us equipped to serve your needs with apparel possessing the essential character and distinction! Our prices (quality considered) are consistently moderate.

FREE PARKING WHILE SHOPPING

MEN'S SHOP

BAY STREET SECTION

EATON'S - COLLEGE STREET

The Nation's Business

(Continued from page 1)

is available for transmission to and publication in the British press. It may be that it is the facts more than London's interpretation of the facts that are damning and harmful to Canada.

There is nothing unfair in this recent comment of the Economist of London:

> "Obdurate attempts to impose immediate cuts" (in interest rates) "without consultation will undoubtedly undermine the attempts which Mr. Dunning is making toward the rehabilitation of Canadian finance. So far, recent events have had only mixed repercussions upon the credit of the Dominion, but if they are allowed to go unchallenged the London market may ultimately be forced, regretfully but firmly, to award a lower credit rating to certain Canadian bonds than to similar issues in other Dominions."

• • •

Canada Bread Provides Lesson

THERE is a lesson for the Canadian people as well as for Canadian investors in the recovery of earnings shown by Canada Bread Co. this week.

With the personal supervision of the president, C. H. Carlisle, the company has been so managed as to turn a net loss of $20,284 in 1934 into a net profit of $202,893, to the benefit of employees, of government tax gatherers, of investors and of the 100,000 customers of the company. It is particularly noteworthy that this has been accomplished on a profit margin of approximately one quarter cent per loaf of bread and with an increase in variety of products offered to the housewife.

For some years prior to the recent reorganization of internal operations and of the capital structure, the company had enjoyed a high reputation with consumers, but the capital had been expanded, large dividends had been drawn on the increase, and finally confusion had developed in its direction. The company was not in a good position to withstand the depression despite years of prosperity. Consequently, bad times brought extremely unsatisfactory operating results and all dividends were discontinued. At the same time the pressure naturally extended to employees.

This sombre picture has now been transformed into a comparatively bright one. First preference dividends have been resumed, even if at a reduced rate, and dividends on second preference shares could be paid. Following a policy of conservation, however, it appears highly improbable that the present directorate will allow the company to be bled white again. The government income tax has risen from nothing at all in 1934 to nearly $40,000 this year.

• • •

THESE accomplishments are typical of recovery in many well-managed businesses. They show, first, that a business cannot be operated with full success on a capitalization watered for the benefit of those dealing in securities; second, that distressed companies can be rehabilitated for the benefit of shareholders and of the nation. This can only be done, however, by undeviating policies of reorganization for the benefit of the company and its shareholders rather than for the benefit of promotional interests.

Finally, the lesson should be plain that this sort of accomplishment, which cannot but result in great benefit to the community at large, is the result of intensive application of long years of hard business experience. Government ownership—State Socialism—cannot achieve the same high quality of public service.

Canada needs its successful businesses and its successful businessmen.

Scrip Pay Day Dawns at Last For Albertans

Crisp New Aberhart Dollars Go Out to Road Workers

EXPERIMENT STARTS

From Our Own Correspondent

EDMONTON.—The 1st of August is the first scrip pay day in Alberta, and crisp Aberhart dollars will be in the hands of road relief workers just as soon as pay sheets are checked and approved.

Other than an experiment in unorthodox finance, the scrip scheme marks an important stage in the progress of Social Credit. If the scrip is not Social Credit, Mr. Aberhart has said, it is a step toward Social Credit. Discussion of scrip by the Social Credit premier and his lieutenants reveals that the issue of certificates is the point of departure from which they hope to arrive, within 6 months or less, at a full-fledged system of Social Credit.

Within the government it is recognized that the scrip scheme is one of the modifications of "free money" invented by Silvio Gesell, German-Argentine, over 40 years ago, and that the plan is a thing apart from the Douglas version of Social Credit.

Only Part of Pay Now

Meanwhile, the amount of scrip that will be issued in the first test is not known until actual payments are totalled up. On the basis of $5,000 of it for each of 51 rural constituencies, $250,000 in scrip has been authorized. Few constituencies will absorb the first allotment, due to delay in starting work and caution on the part of local authorities. Workers will be paid only half their wages immediately, the rest going into reserve for next winter. The size of the first issue of scrip will be modest, and less than half of $250,000 is likely to be put out at the start.

The scrip-financed road scheme is entirely outside the Alberta highway programme accounted for in budget appropriations and federal advances. Responsibility for launching the work was left to Social Credit members of the legislature, and they chose "pot-hole" projects for the most part.

Stipulations laid down by the government provide for a clear period of one month in which the circulation of scrip will be tried out. Verbally Mr. Aberhart has promised to redeem in cash, in cases where cash is required for payments outside Alberta, if the certificates are not presented for redemption less than one month after date of issue. This gives the government until September 1 in which to accumulate a redemption fund, and it also gives the public, so the government hopes, time in which to learn how to use scrip without demanding hard cash for it.

Wednesday "Stamp Day"

Every Wednesday each $1 certificate will require a one-cent special Alberta stamp, and proceeds from the stamps will go into the redemption fund. The promise that cash will be available at the end of a month for such certificates as are turned in, appears to depend, first on the hope that the demand for cash will be light, and secondly, that souvenir hunters will pay real money for a large quantity of the pioneer instruments of Social Credit. Stamp sales, even if confidence leads to purchases for future use, can amount only to a small fraction of the total issue in the first month.

The Aberhart government recognizes the obvious fact that if the scrip gets back to the wholesalers, its next step will be to the provincial treasury for exchange into cash to meet outside accounts. Indeed, there is no sign that a wholesaler will be found to accept the scrip. To lessen the likelihood of all the scrip coming in for redemption, the whole emphasis of the government's educational campaign has been to encourage the purchase of made-in-Alberta goods. Retailers are encouraged to pass it out again in local payments. Yet the prospect of much of the scrip finding its way to the treasury in short order is increased by Mr. Aberhart's announcement the government will accept it for all forms of tax payments. The one exception to the government's willingness to accept its own scrip is in its beer and liquor business.

Ministers Get it Too

In contrast to the numerous avenues for putting scrip into circulation that have been suggested from time to time by Mr. Aberhart and his ministers, only one small outlet is available, in addition to road relief payrolls, as the Social Credit government starts its experiment. This other outlet is cabinet salaries, and the ministers will receive 25% of July 31 salaries in certificates. This amounts to about $1,000. If the experiment succeeds, however, a rapid extension to many government payments and grants is planned. Mr. Aberhart has offered to increase monthly relief grants to cities, if accepted in scrip. The cash that is saved in this way, which comes from the federal government in the first instance, would go to swell the redemption fund. The amount involved is $133,650 a month, at present rates. Since the experiment is confined so far to road relief and cabinet salaries, the position of the treasury in regard to certificates it takes in is not clear. Until other avenues are opened, it seems certain the treasury would have to hold the scrip until another pay day for road relief comes around. This means loss in the sale of stamps.

Hopes For Stampless Scrip

As the government sees it, if the public learns to circulate scrip in the first 4 weeks without turning it into cash, "the value of issuing our own provincial credit" will be demonstrated. In this proposition lies the importance of the scrip experiment to the Aberhart government. The objective he has in mind, Mr. Aberhart said recently, is the issue of certificates that will not require stamps affixed once a week. Hope that the future will bring a transition from stamp scrip to stampless certificates is the basis of renewed assurance on the part of Mr. Aberhart that a system of Social Credit is within reach.

The big "if" in the situation is the success of stamp scrip in the first instance. Despite the many apparent difficulties that await Prosperity Certificates, the experiment is the only visible factor that keeps Social Credit hopes soaring in Alberta. It gives direction to the Aberhart government's pursuit of the system to which it is pledged for the first time in its eleven months in office. In view of this, a break in Mr. Aberhart's fortunes, one way or the other, may be near.

At the stage in which the hope of Social Credit, as it is centred upon scrip, is at stake in an actual experiment, the government has lost a supporter in S. A. G. Barnes, senior Social Credit member for the 6-member riding of Edmonton. Mr. Barnes is a veteran in Edmonton public life, who has retained a large following in 24 years service as school trustee. He has always stood alone, though within the Social Credit movement. His objection to Mr. Aberhart is to the delay and inaction in pursuing the Social Credit objective.

A news report recently quoted Mr. Aberhart that "we've not touched Social Credit yet." In an interview, Mr. Barnes said: "That is what burns me up." The significance of his bolt from the Social Credit fold centres on the question how many of his fellows also feel "burned up" at the record of the first year of Social Credit in office in Alberta. For the time being at least, no members have indicated a desire to imitate Mr. Barnes.

One G. T. R. Group Asks $10 Millions

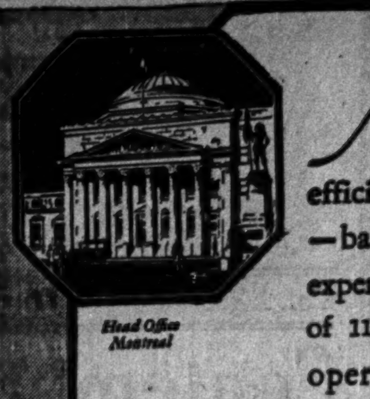
From Our Own Correspondent

MONTREAL.—A compromise settlement for $10 millions, payable not only in money but also in Canadian grain, is the proposal put before the Canadian government by the Grand Trunk Senior Stocks Co.

Difficulties between the Grand Trunk senior stockholders and the Canadian government arose in 1917 when the Washington government took over control of United States railways, including the Grand Trunk's property. In the 1920 Transportation Act, provision was made for liquidation of federal control, returning the railways to the 1917 proprietors.

Meanwhile the Canadian government obtained control by the Grand Trunk Acquisition Act passed in 1919 by the Canadian parliament. The original stockholders claim this never legally took away their rights granted by the 1873 statutory contract, and that the 1920 Transportation Act of the United States returned temporarily their suspended rights, and that their names were unlawfully struck off the London stock register by order of the Canadian government.

There are competitive stockholders' committees in Great Britain. It is not known if other committees, recognized by some as more important, will approve the proposal.



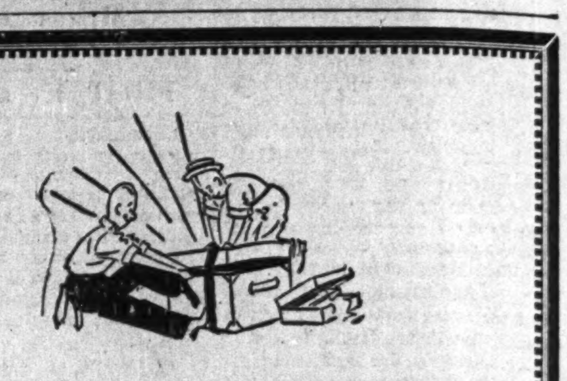
Head Office Montreal

Modern, efficient banking service —backed by resources, experience and reputation of 118 years' successful operation.

BANK OF MONTREAL

Established 1817

TOTAL ASSETS IN EXCESS OF $800,000,000



VACATION BOUND?

Your first stop is SIMPSON'S — *The Store for Men!* Here you will find everything you need to make your holiday more comfortable and more enjoyable ... the season's smartest sport shirts, shoes, slacks, swim suits, socks, etc.

Note these particularly: "SUPER ROYAL" fine white broadcloth shirts, at $2. New detachable-top swim suits at 2.95. New ankle-height sport socks at 59c. Smart sport or golf shoes at $5. All wool cream or grey English flannel slacks at $5. *Drop in today and look them over!*

ACCESSORIES—Street Floor CLOTHING—Second Floor

Simpson's

$50 Newsprint Is Advocated

(Continued from page 1)

Therefore an increase of $16 a ton is far beyond anything advocated by even the most "bullish" of the Canadian manufacturers.

Add Millions to Revenue

The price change suggested by the English peer is even more startling considered in relation to production. Last year Canadian mills produced in round figures 2,750,000 tons of newsprint paper. At the official selling price of $41 a ton, the gross revenue of the industry was nearly $113 millions. However, the average price received by the mills was not as high as $41 a ton, but if the price which Lord Rothermere considers "fair" had been in effect last year, the gross income of the Canadian manufacturers would have been $44 millions more. The dollar gain would be even more pronounced on this year's business, as production to date is about 16% greater than reported in 1935.

Consequently the view put forward by England's premier publisher-manufacturer has been something of a shock, even though a pleasant one, to the Canadian manufacturers who have been working on the premise that a small, orderly advance in the price of newsprint seemed to be the proper course to follow at this time.

In his letter to Mr. Clarkson and Mr. Belknap, in whose companies the Daily Mail and General Trust are heavily interested financially, Lord Rothermere says that beyond any question the rise in the demand for newsprint will continue. In England there has been an increased consumption of something like 40% on the peak figures of 1929. While the gain in the United States has not been so pronounced, he believes in a year or two the demand there should show a similar increase.

Newsprint is an essential commodity and should be, apart from periods of severe depression as in the years 1930-1934, ever in increasing demand. Despite the fact that Canadian production is now at an all-time record peak, the net return per ton at the mill is substantially lower than at any time from 1910 to 1932 and is only $1 a ton higher than the low point reached in 1934 and 1935.

U. S. Publishers Intimidating

For some years to come the urge will be to buy newsprint—not sell it—and Lord Rothermere fails to understand why Canadian manufacturers are intimidated by the United States publishers.

The argument heard most often is that any attempt to enforce a higher price for newsprint would be met by increased imports from Finland or one of the Scandinavian countries or the development of other sources.

Lord Rothermere considers this as merely a form of intimidation and not to be taken seriously as a threat, as, for example, he believes the resources of Finland are not equal to a further demand of 100,000 tons of newsprint annually.

$50 a Ton Fair Price

If the Canadian manufacturers want to sell newsprint at $50 a ton net at the mill, there is no apparent reason why they should not get it, says the English peer. Nor, he believes, will there be any falling off in demand if they steadfastly refuse to take any less price.

A net of $50 a ton is a fair price, Lord Rothermere feels confident, and unless something quite unexpected happens may be considerably higher in 6 or 7 years time. It is of paramount importance, he feels, that Canada for her newsprint should get such a price as will provide adequately for the using up of the most valuable of all her natural resources. Further he thinks that any lower price than $50 net per ton at mill would be an insufficient return and should not be tolerated by the Canadian provincial governments.

Obituary

John Maddocks, representative of the Prudential Life Insurance Co. at Chatham, Ont.

• • •

Robert Prince, president of Whirlwind Carpet Cleaners Ltd., in Toronto. He was 51.

• • •

Walter Thomas Kirby, one-time president of the Winnipeg Stock Exchange and well-known Pacific coast financial man, at Vancouver. He was 78.

• • •

Hon. Robert Rogers, former minister of the interior, former minister of public works, and a director of the Monarch Life Assurance Co., of Winnipeg, and Investment Corp. of Canada. He died at Guelph, Ont., aged 72.

• • •

Alex P. Westervelt, manager of the Royal Winter Fair, at the Toronto General Hospital. He was active in formation and development of livestock associations in Canada.

R. W. Dockeray, founder and former president of Acme Farmers Dairy Co., Toronto. He was 82.

Company Reports

Canada Bread Co.

Sharp improvement in earnings, and major write-offs due to last year's capital reorganization, are shown in the annual report of Canada Bread Co. for the year ended June 30, 1936. After all charges and taxes, profits were equivalent to $13.08 a share on the first preferred stock, compared with $4.47 a share in the preceding year.

After calculating participating provision with the common shares, earnings were the equivalent of $2.87 a share on the class B preferred, which carries a cumulative dividend of $2.50 a share annually. No dividend has been paid on the B stock since 1933. The participation provision with the B stock shows earnings of 14.6 cents a share on the common this year. There were no earnings at all on either the class B preferred or common in the 3 preceding years.

A total of nearly $2.9 millions has been written off various assets to bring values in line with actual conditions. This sum is provided partly by last year's write-down of the par value of the B preferred from $100 to $50 a share and by using the former earned surplus.

Comparative earnings and major balance sheet changes are tabulated below:

Income and Surplus Account
Years Ended June 30

	1936 $	1935 $
Operating profit	456,290	342,827
Add: Interest earned	4,301	6,386
Total earnings	460,591	349,213
Less: Depreciation	197,705	216,968
Bond interest	57,568	58,121
Bond premiums	2,425	*473
Inc. & corp. taxes	39,415	16,110
Loss on invts. sold	....	2,592
Net profit	163,478	55,895
Less 1st pref. divs.	62,500	....
Surplus for year	100,978	55,895
Add: Prev. surplus	1,615,190	1,559,295
B pref. write-down	1,250,000	....
Less write-downs:		
Property account	930,578	....
Goodwill	1,854,865	....
Reorganiz'n exps.	5,145	....
Vacant properties	100,000	....
Surplus forward	75,580	1,615,190
Working Capital		
Current assets	*561,850	454,637
Current liabilities	299,628	237,205
Working capital	*262,222	217,432

*Excluding $52,584 cash and bonds in bond redemption fund.

Balance Sheet Items

Assets		
Bond redemp. fund	62,584	....
Bldgs., equip., land (net)	2,585,031	3,681,706
Goodwill	500,000	2,354,865
Prepayments	81,292	55,237
Liabilities		
1st mtge. bonds	911,300	940,400
1st pref. stock	1,250,000	1,250,000
B pref. stock	1,250,000	2,500,000
200,000 com. shs.	25,000	25,000
Earned surplus	75,580	1,615,190

Twin City Rapid Transit

Twin City Rapid Transit Co. reports an increase of nearly $380,000 in operating revenue for the first 6 months of 1936. Consequently, net income for the period after all fixed charges was $130,000 more than in the 1935 period. The net income transferred to profit and loss was greater than for the full 1935 year, but is drafted only as an interim unaudited statement. Maintenance of the same rate of increase for the full year would bring the net profit to the best level since 1930.

Comparative figures follow:

INCOME STATEMENT
6 Months Ended June 30

	1936 $	1935 $
Operating revenue	4,819,316	4,440,164
Operating expenses	3,284,709	3,040,726
Net oper. revenue	1,534,607	1,399,438
Less: Taxes	482,888	449,572
Add: Non-oper. income	20,010	41,324
Gross income	1,071,729	991,190
Less: Int. on debt	552,762	601,239
Amort. of bd. disct.	33,395	35,112
Miscell. rents	7,037	6,276
*Net income	478,535	348,563

*Before provision for surtax on undistributed profits.

Robert Gair Co.

Robert Gair Co., Inc., New York, reports profit of $216,069 for the second quarter of this year available to meet $63,000 interest on income notes and income taxes. The company has become a major factor in the Canadian box and boxboard business through numerous acquisitions in recent years. Income notes were issued to former bondholders of Firstbrook Boxes Ltd., Toronto.

The quarter's profit statement follows:

Profit and Loss Statement
(Quarter Ended June 30)

	$
Profit before depreciation	468,774
Less: Depreciation provision	215,243
Int. on subsidiaries' bonds	27,712
Subsidiary's pref. dividend	9,750
Profit before income taxes and income note interest	216,069

Electrolux

Consolidated net profit of Electrolux Corp. for the half year ended June 30 last amounted to over $1.5 million after all charges. This was equivalent to $1.25 a share on the stock outstanding, as against $1.12 a share for the corresponding period a year ago.

For the second quarter of the current year, the company reports a net profit of $836,285, the equivalent of 67½ cents a share, as compared with $764,659 or 61¾ cents a share in the second quarter of 1935.

Six months ended June 30

	1936 $	1935 $
Net profits	1,558,758	1,392,110
Per share	1.25	1.12
	Second Quarter $	Second Quarter $
Net profits	836,286	764,659
Per share	.67½	.61¾

Investors' Indices

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
July 28	133.96	149.52	145.34
July 27	133.39	149.78	147.00
July 25	133.44	149.44	147.61
July 24	133.33	149.09	144.96
July 23	133.66	147.53	142.28
July 22	133.57	147.24	141.90
Month ago	132.06	139.97	131.77
Year ago	108.99	103.19	92.96
High, 1936	143.48	150.46	148.12
Low, 1936	125.71	115.97	123.59

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
July 28	69.8	76.5	74.3
July 27	69.7	76.5	74.3
July 25	69.6	73.5	74.2
July 24	69.4	76.3	73.9
July 23	68.2	75.9	73.6
July 22	68.9	75.8	73.3
Month ago	70.0	72.1	71.4
Year ago	59.3	58.5	53.8
High, 1936	73.4	70.4	76.6
Low, 1936	67.2	69.5	68.9

Mining Dividends

	Rate	Close July 27	Yield %
Anglo-Huronian	20c	6.00	..
Beattie Gold	†5c	1.50	..
Bralorne	20c+5c	7.60	..
Buff. Ankerite	20c	8.40	2.3
Bulolo Gold	‡$1.40	30.12	..
Cariboo	10c	1.80	5.5
Central Patricia	†4c	4.55	..
Coniagas†	12½c	3.50	..
Cons. Smelters	50c	57.00	..
Dome Mines	$2+$2	53.75	7.4*
Falconbridge	30c	9.50	..
Hollinger	65c+15c	15.25	5.2
Howey Gold	5c	.89	..
Hudson Bay	$1	26.75	..
Island Mountain	‡5c	1.50	..
Int. Coal & Coke‡	1c	.20	..
Inter Mining	60c	11.00	5.4
Int. Nickel, c.	$1.20	51.50	2.3
Kerr Lake	5c	.55	..
Kirk. Lake‡	3c	.64	..
Lake Shore	$4	58.87	6.8
Little L. Lac	10c	6.35	..
Macassa	15c	4.80	..
McIntyre	$2	41.78	4.7
McKenzie R. Lake	†3c	2.08	..
McKinley Sec.	2½c	.65	..
McWatters Gold	†5c	1.44	..
Nipissing	25c	2.75	..
Nor. Can. Mining	2c	.54	..
Noranda	‡$1.25	62.50	2
Pickle Crow	10c	7.50	..
Premier	12c+1c	2.61	4.9
Pioneer, B.C.	80c	8.40	9.5
Reno	12c	1.26	9.5
Stand. Silver	1c	.42	..
San Antonio	21c	2.34	8.6
Sheep Creek	†2c	.73	..
Siscoe	20c	4.35	4.6
So. Amer. Gold	30c	4.65	6.4
Sylvanite	20c	3.41	5.8
Teck-Hughes	40c+5c	6.35	7.1
Toburn	8c	1.83	..
Ventures	†2½c	2.30	..
Wright-Har.	40c+20c	8.10	7.4
Ymir Yankee	†2c	.42	..

‡Interim. †Initial. *Yield includes bonus.

Public Utility Earnings

Canadian National Railways

	1936 $	1935 $
June		
Operating revenues	14,739,765	13,712,254
Operating expenses	14,730,323	14,207,939
Net revenue	9,442	495,685
6 Mos. to June 30		
Operating revenues	85,461,428	80,131,795
Operating expenses	82,986,388	77,964,258
Net revenue	2,475,040	2,167,537

East Kootenay Power Co.

	1936 $	1935 $
June		
Gross revenue	38,662	35,438
Operating expenses	11,680	10,997
Net revenue	26,982	24,441
3 mos. ended June		
Gross revenue	109,552	108,258
Operating expenses	35,347	34,032
Net revenue	74,205	74,226

Canadian Pacific Railway

	1936 $	1935 $
June		
Gross earnings	10,957,610.21	10,189,871.54
Working exps.	9,782,060.78	8,786,059.25
Net earnings	1,175,549.43	1,403,812.29
6 mos. to June 30		
Gross earnings	62,044,346.40	56,528,624.22
Net earnings	6,790,999.89	6,062,018.52

Orange Crush Alters Capital

Shareholders of Orange Crush Ltd. at a special meeting in Toronto this week voted practically unanimously in favor of the reorganization plan drawn up by directors.

The plan provides for an exchange for one share of each class of stock the following:

First preferred: 4 new preferred and 3 new common shares, both of no par value.

Second preferred: 1/10 new preferred shares and ¼ new common share.

Common: 1/5 new common share.

Effect of Plan

The effect of the plan will be to reduce the present capital of $650,000 of 7% first preferred, 40,000 second preference shares and 80,000 common shares. New capital outstanding will be 30,000 preference shares of no par value and 45,500 common shares. The new shares will go to present shareholders in these proportions:

	New Pref. Shs.	New Common Shs.
First preferred	26,000	19,500
Second preferred	4,000	10,000
Common	......	16,000
Totals	30,000	45,000

New preference shares are to carry cumulative dividends of 70 cents a share from Nov. 1, 1936. They will be redeemable at $12.50 a share and convertible at the holder's option into 4 common shares for each 5 preference shares.

Write off Deficit

Capital liabilities shown at $1,130,000 in the balance sheet will be written down to $285,500 with the capital surplus arising from the reorganization. The deficit of $837,303 at Oct. 31, 1935, will be written off and a capital surplus of $7,198 will be set up.

In putting forward the reorganization plan, president E. P. Taylor stated that even with improved earnings the deficit could not be eliminated for many years and that meanwhile shareholders could receive no dividends. He also stated the annual dividend requirements on first and second preferred were out of line with the estimated earning power for some time to come.

Metal Prices

New York—July 28—
Copper: Electrolytic spot and future, $9.75.
Silver: 44¾c.

London—July 28—
(Long Ton)—
Copper: Electrolytic spot, bid, £41 17s 6d; asked, £42 7s 6d. Standard spot, £37 16s 3d; future, £38 2s 6d.
Tin—Spot, £189 5s; future, £177.
Lead: Spot, £16 12s 6d; future, £16 10s.
Zinc: Spot, £14; future, £14 3s 9d.
Gold: 138s 11d.
Silver: £19 9⅛d.

Canada—July 28—
Gold: $34.85.

British Columbia Telephone Company

25 Year First Mortgage Bonds 4½% Series B

To be dated 1st June 1936 To mature 1st June 1961

Conversion Offer

Subject to withdrawal without notice we offer to exchange the Company's 5% Bonds Series A 1960 into the new 4½% Bonds Series B 1961 as follows: Bonds will be exchanged bond for bond. Holders of Series A Bonds will be paid an allowance of $35 per $1,000 bond to cover the present approximate equivalent of the premium on Canadian Funds.

The new bonds are payable as to Principal and Interest in Canadian Funds only.

HANSON BROS.
INCORPORATED
Established 1883
255 St. James Street

36 Sparks St., OTTAWA Queen 8774
MONTREAL HArbour 9281
330 Bay St., TORONTO Adelaide 6408

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Sch. Com. of St. Pierre-aux Liens, Que.	July 15	Rene T. Leclerc Inc.	4%	20 yrs.	20,000	98.29	4.18%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Super Service Stations Ltd.	July...	Nova Scotia Bond Corp., Johnston & Ward, Eastern Securities Co.	5%	1942-45 1945-51 1952-61	$100,000	100 99¼ 98½	....
Stock Issues—	**Date Issued**	**Offered by**	**Rate**	**Class**	**Amount**	**Price**	**Yield**
Rolland Paper Co.	July...	W. C. Pitfield & Co.	....	Com. vot. tr. cert.	......	$21	.....

LEIPZIG FAIR

Buyers and sellers from every country meet at Leipzig, Germany. Exhibitors from all countries representing every industry. Unique opportunity for buyers seeking merchandise to sell at a profit. Registered mark travelling-cheques and 60% fare reduction on German railways permit of reduced travelling costs. For full information write L. Mueller-Hickler, 1178 Phillips Place, Montreal.

AUTUMN FAIR — AUGUST 30 TO SEPTEMBER 3, 1936

Your Questions Answered Without Charge

As a subscriber to The Financial Post you are entitled to information regarding any Canadian investment that you are interested in.

If not already a subscriber, address your enquiry to The Investment Department when sending in your subscription.

USE THIS COUPON

THE FINANCIAL POST,
481 University Ave.,
Toronto 2, Canada.

Please send me The Financial Post for the next year (52 issues). I enclose $5.00.

Name ....

Occupation ....

Address .... F.P.

Contempt of Court Cases Challenge Freedom of Press

(Continued from page 1)

judgment might establish a Canadian precedent, to be followed in the future. He said, "It is to be hoped that a salutary future effect will follow—and that is the important thing—if he (the editor of The Post) is regarded as a sacrificial victim."

Mr. Justice McTague quoted the famous opinion of Lord Chancellor Hardwicke, who in 1742 laid down definitions for the 3 major kinds of contempt:

In brief, these are:

1. "Scandalizing the court itself."
2. "Abusing parties who are concerned in causes here."
3. "Prejudicing mankind against persons before the cause is heard."

"Constructive Contempt"

At some length Mr. Justice McTague dealt with the 3 kinds of contempt.

The first 2 types are not involved in the cases now in the news.

The third type, he said, is much more important than the others. Called "constructive contempt" to distinguish it from direct contempt or scandalizing the court itself, it consists of conduct tending to prejudice the position of an accused person. Said Mr. Justice McTague:

"It is quite evident that where criminal cases are concerned there are 2 conflicting principles involved, namely, the right of an accused person to a fair trial and the liberty of the press. It seems rather strange, and perhaps speaks well for our newspapers, that there have not been more cases in Ontario, because in England cases dealing with the conflict of the 2 principles literally run into scores in recent years. The English courts have been most jealous of the right of an accused person to a fair trial."

He then expressed the opinion that The Financial Post's article was calculated, whether intentionally or not, to prejudice the minds of prospective jurymen against Solloway and rendered his decision accordingly.

Daily Press Cited

In the case of the alleged contempt of court in connection with the 37 men held in Toronto following recent relief disturbances, counsel for the men first attempted, in the preliminary proceedings before the magistrate, to have the bench insist upon a purging of the alleged contempt actions before proceeding with the case. But the magistrate indicated that the hearings before him would not be prejudiced or influenced by anything that had been published. He dismissed the motion. Counsel for the men then indicated that he seek a contempt order in the higher courts.

Paradoxes in Law

Mr. Justice McTague says "the expression contempt of court is a much misunderstood term among laymen."

Of the truth of this statement there can be little doubt. Not only is the term much misunderstood but the procedure in such cases is also somewhat mystifying to the layman.

The Financial Post had previously published the assistant master's report when it appeared — many columns of it in fact. There was no protest at that time and could be none. It was quite proper for The Post to publish the report. But the effect of Mr. Justice McTague's decision is that once Solloway was arrested any reference to civil or criminal proceedings that had gone before, such as the Lennox report, was improper.

Not In "Public Interest"

The law, as thus interpreted, has already been challenged in the press. Saturday Night, in its last issue, had this to say:

"We are not convinced that the decision in the contempt case against Mr. Floyd Chalmers, editor of The Financial Post, is in the public interest……It seems to us that the 'prospective jurymen' might reasonably be assumed to have sufficient intelligence to discriminate between the 2 cases…..

"It is the business of the courts to make clear to the jurymen that anything they may have read concerning the misappropriation of moneys has no bearing upon the charge of theft. We think that juries are as a rule intelligent enough to make the distinction, with the aid of a careful judge. The demand that the minds of the entire public shall be kept in a state of complete blankness concerning the behavior and character of a person who has already been found to have committed misappropriation (for the argument on this point would be just the same if the assistant master's report had been sustained on appeal), merely because he has the misfortune to be undergoing prosecution on a criminal charge, is surely putting a great obstacle in the way of the proper functioning of the press."

Mystifying Procedure

Proceedings in a contempt of court case are even more mystifying to the layman than contempt itself. In The Financial Post case the matter came before the judge in a motion for a writ of attachment. There was no trial, simply an argument between lawyers before a judge sitting in weekly court to hear motions. No evidence was presented, the applicant for the writ was not present, the "respondent" was not heard nor invited to speak; the judgment, imposing a fine, was rendered and published in the daily press before the respondent was even notified.

In brief; although contempt of court proceedings have been devised to protect a defendant at the bar and to insure him of a fair trial, nevertheless, in the proceedings, an individual or newspaper against whom no charge is laid by the crown, who has offended against no statute law, who is granted no trial, either by judge or jury, against whom no evidence is presented, can be fined by a judge and read about it first in the daily press!

Statute Suggested

To the layman, such procedure seems curious and paradoxical, and to be explained only on the ground that it is one of those incidents that arise in the darker shadowland of the law, where only the lawyers and judges have any serious conception of what the matter is about and where even they find ample room for dispute as to the "law" to be applied.

Commenting on the procedure in such cases the Evening Telegram, Toronto, says:

"Every judge is traditionally custodian of the dignity of his own court, and where contempt of court is charged, the judge himself disposes of the charge. Whether this is the best way of dealing with offenses of this character is debatable. The question whether a publication is such as to prejudice a jury is eminently a question of fact, not of law, and might well be submitted to a jury other than that considering the case on which the comment has been made. The offense seems sufficiently serious to have a statutory definition and to have statutory directions as to the mode of trying anyone against whom such a charge is laid."

Hypothetical Cases

There are other curious paradoxes in "contempt of court" cases. They can be illustrated by 1 or 2 hypothetical instances. Suppose a lengthy report were rendered by a quasi-judicial officer after an exhaustive investigation, declaring a certain individual guilty of the misappropriation of funds. It might appear to the extent of several columns in every morning newspaper in Canada. But if the individual charged were arrested at noon and charged with theft of the funds it would be argued that it was contempt of court for the afternoon papers to publish any of that judgment. The morning papers would, with propriety, have done a rather big job of putting things into the heads of prospective jurymen. But the evening papers must not carry the news if, in the meantime, an arrest has taken place.

What would happen, of course, is that they would probably carry the news. For the simple truth is that probably every newspaper in Canada is nearly every day committing some act which the courts might conceivably label as contempt of court and it would be rather difficult for a newspaper to give any news without frequent technical breaches of the legal proprieties in the matter.

Use of Photographs

Or take another case. Supposing a newspaper photographer snapped a picture of an assassin in the actual process of throwing a bomb into the carriage of a reigning monarch visiting these shores. (Something not dissimilar happened in Marseilles when King Alexander was killed.) The assassin would be arrested and charged with murder. And if the newspaper published the picture before it had been introduced in evidence at the trial or the defendant had been found guilty, how could that be regarded as anything other than contempt of court under the strict legal precedents? But would any newspaper refrain from publishing the picture? It is not likely.

Or take still another case. Supposing a case-hardened criminal, an ex-inmate of all the best jails, some Canadian "Al" Capone, known as such to every man and woman in the country, were arrested on a criminal charge. Any newspaper that made the slightest reference to his previous career might be cited for contempt. It would be charged that it was prejudicing the minds of potential jurymen although it might not be possible to find 12 good men and true anywhere in Canada who did not know his complete and very evil record.

Newspaper comment on the cases now pending in Britain and on the Toronto case stresses the difficulty of determining what may or may not in any particular circumstance constitute a contempt of court. The Telegram, Toronto, says:

"Contempt proceedings have been initiated against 2 London newspapers in connection with their comment upon the recent threat against the King. The news follows upon the heels of complaint by the defense in that case that fair trial had been prejudiced by referring to the incident as an attempt at assassination. It must be felt, however, that the comment to which the attention of the court has been drawn must have gone further than this. Practically every London paper stated that the accused had pointed a revolver towards the King. If, when a crank points a loaded revolver at a King, and is interrupter before anything further can happen, it is not an attempt at assassination, it would be difficult to say when an attempt begins.

"It may still be objected, of course, that it is improper for a paper to declare that there was an attempt at assassination until that offense has been proved in court. But suppose the King had been killed, would it have been wrong for the papers to say that he had been assassinated? Would they have had to wait for a conviction of the assailant before saying so?"

Another View

The Mail and Empire, Toronto, says, somewhat sanctimoniously:

"This paper believes that newspapers too often in recent years have fallen, through carelessness and a desire to present readers with 'snappy' news stories, into the regrettable habit of assuming a man to be guilty once a police charge has been laid against him. In British countries, even when a prisoner may volunteer a confession, the law still regards him as innocent until he is properly convicted. A confession, whether tacit or explicit, certainly is news to the extent of reporting its contents if released for publication: but when the law itself still holds the confessed malefactor to be innocent until his guilt is duly proven, newspapers should be careful to restrain themselves within the limit set by the law.

"The interests of news presentation are not jeopardized by the practice of this restraint. It is not the proper function of a newspaper to influence public opinion for or against an individual charged with an offense."

And yet the very editorial from which this is quoted speaks of McMahon as the "would-be gunman." And it charges him with levelling a loaded gun at the King. Previous editorials in the Mail used the phrases "would-be assailant" and "assassin" and referred to the "attack" and the "insane attempt" upon the King.

In reporting the arrest of the 37 men charged in Toronto with "seizing," the Mail and Empire had a headline, "Red Plot Charged in Strike Trouble."

So even the newspaper which argues that "the press itself should be at pains to preserve its own integrity without the help of the Attorney-General" seems to have interpreted this matter of integrity very liberally.

Paucity of Precedent

Up to now there has been a paucity if not a complete lack of Canadian precedent on the subject of contempt of court. The recent decision of Mr. Justice McTague may have far-reaching consequences in restricting the reporting of the news by the press of Canada. But the judgment is already the subject of critical and challenging comment in the newspapers.

Holidays With Pay Favored at Geneva

The recent International Labor Conference at Geneva adopted by 99 votes to 15 a draft convention regarding holidays with pay. It also adopted resolutions concerning the extension of the system to domestic servants, hall porters, home workers and agricultural workers.

The draft convention finally adopted this year applies to persons engaged in industrial and commercial establishments and undertakings. It provides that after one year's continuous service such persons shall be accorded an annual holiday of at least 6 working days with pay at the usual rate, or at the rate specified in collective agreements. The convention also lays down the principle that the duration of the holiday should increase progressively with the length of service, besides fixing the minimum annual holiday at 12 days in' the case of persons below 12 years of age, including apprentices.

Newspapers Comment On "Contempt of Court"

(Continued from page 1)

great obstacle in the way of the proper functioning of the press.

Publication of the News

The Evening Telegram

That publication of an article which may prejudice the fair trial of an action is a serious offense and in contempt of court was recognized by a judgment imposing a fine upon a Toronto editor this week. This is believed to be the first application in this country of a rule which is rigidly enforced in Great Britain. It will be generally admitted that it is eminently desirable that the courts should, where necessary, exercise their authority to prevent the substitution of trial by newspaper for trial by jury. It will also be generally admitted that such authority must be exercised with the greatest care so that it does not interfere with the legitimate freedom of the press.

In this connection it may be noted that contempt proceedings have been initiated against two London newspapers in connection with their comment upon the recent threat against the King. The news follows upon the heels of complaint by the defense in that case that fair trial had been prejudiced by referring to the incident as an attempt at assassination. It must be felt, however, that the comment to which the attention of the court has been drawn must have gone further than this. Practically every London paper stated that the accused had pointed a revolver toward the King. If, when a crank points a loaded revolver at a King and is interrupted before anything further can happen, it is not an attempt at assassination, it would be difficult to say when an attempt begins.

It may still be objected, of course, that it is improper for a paper to declare that there was an attempt at assassination until that offense had been proved in court. But suppose the King had been killed, would it have been wrong for the papers to say that he had been assassinated? Would they have had to wait for a conviction of the assailant before saying so?

Every judge is traditionally the custodian of the dignity of his own court, and where contempt of court is charged, the judge himself disposes of the charge. Whether this is the best way of dealing with offenses of this character is debatable. The question whether a publication is such as to prejudice a jury is eminently a question of fact, not of law, and might well be submitted to a jury other than that considering the case on which the comment has been made. The offense seems sufficiently serious to have a statutory definition and to have statutory directions as to the mode of trying anyone against whom such a charge is laid.

Democratic Principle Upheld

The Mail and Empire, Toronto

Prosecution by the attorney-general of the United Kingdom of certain newspapers for contempt of court as a result of news stories concerning the man alleged to have made an abortive attempt on the life of the King is a striking illustration of the impartial fairness of British law enforcement.

By his comments after his arrest, to the effect that he intended no harm to His Majesty but merely to make a "protest," the accused has virtually confessed. And yet the contempt action against newspapers is designed to ensure a fair trial to the would-be gunman. The attorney-general charges that by baring his past record the newspapers have prejudiced the nation and any possible jury against the accused.

This paper believes that newspapers too often in recent years have fallen, through carelessness and a desire to present readers with "snappy" news stories, into the regrettable habit of assuming a man to be guilty once a police charge has been laid against him. In British countries, even when a prisoner may volunteer a confession, the law still regards him as innocent until he is properly convicted. A confession, whether tacit or explicit, certainly is news to the extent of reporting its contents if released for publication; but when the law itself still holds the confessed malefactor to be innocent until his guilt be duly proved, newspapers should be careful to restrain themselves within the limit set by the law.

The interests of news presentation are not jeopardized by the practice of this restraint. It is not the proper function of a newspaper to influence public opinion for or against an individual charged with an offence. British law makes that clear enough when it defends the right of a man, who levelled a loaded gun at the King, to enjoy a fair trial before an unprejudiced jury.

The very best interests of democracy are served by this attitude, and it is necessary only to contrast some recent German and Italian trials with the pending case in London to see why this is so. Dictatorships, which are antithetical to both monarchy and democracy, do not hesitate to use the press to prejudice the people against accused persons. It is part of the routine of a modern dictatorship to force the press into betrayal of its trust. Where no such pressure exists, as in British communities, the press itself should be at pains to preserve its own integrity without the help of the attorney-general.

British Composure

The Toronto Daily Star

Two London newspapers are being proceeded against by the Crown for having published matter prejudicial to the case of the man arrested in open possession of a revolver while the King rode by on Constitution Hill. The newspapers in question had hunted up the past history of the man under arrest and published a record of it, the sum of it tending, as the Crown suggests, to prejudice the interests of the prisoner. He is supposed to be innocent of any attempt at regicide unless guilt should be established.

The court proceedings now launched will provide facilities for determining whether newspapers are within their rights in discovering the identity, occupation and reputation of any man suddenly made notorious. It is probable that the rights of the press in supplying news will be vindicated, although possibly inferences drawn from the news given may call for rebuke.

The point, however, is that justice in Britain is using the occasion to give emphasis to the principle on which it is built. The prisoner is popularly supposed to have made "an attempt." He is not charged with it. The newspapers have no right to charge him with it. The courts will deal with the case when all the evidence is in. As we have said, British justice is giving the world an example of its composure in dealing with the worst kind of case imaginable throughout the whole British world. Even this man will get the fairest of trials.

The example the world gets, however, from this case began earlier and long before the statesmen of the law had the case under consideration. At the moment when the gun was produced from the man's pocket and raised in the air Constable Dick struck it from his hand and took the man in charge. A couple of policemen joined the scene and the King rode by looking on. This man who may have been attempting the crime of regicide was not torn limb from limb; he failed even to create a scene; he was removed as if he had been a person who had fainted, and the vast throng, even a hundred yards away up and down, knew nothing about what had happened. There is an efficient authority in London worth the world's study. The trial of this man will be worth watching.

Flag Orders Keeping British Firms Busy

British firms are already hard at work preparing for the Coronation celebrations next May.

Two Birmingham firms have had to extend their premises to cope with the already substantial demand for flags from all parts of the world. One firm, Andrew Charles, Ltd., is planning to produce more than 20,000,000 flags for the Coronation, in addition to paper dresses, buntings, garlands, and festoons. Important orders have already been received from Canada, India, South Africa, New Zealand and Australia.

Birmingham jewellers and medallists are also beginning to start work on Coronation medals and souvenirs, and one firm alone is producing goods of 40 different types, while samples have already been sent to all parts of the world.

5-day Week Meets Favor Where Used

Several Canadian Companies Point to Benefits Achieved

WAGES NOT HIT

That the 5-day week is definitely favored where it has been put into practice in Canada is the opinion expressed by Canadian Machinery in a survey recently made.

The article reviews the operations of Imperial Oil Ltd., Goodyear Tire & Rubber Co., Colgate-Palmolive-Peet Co., Anaconda American Brass Co. and Canadian General Electric Co.

Imperial Oil introduced the 5-day week in November, 1932. The chief result was to reduce weekly earnings of each employee about one-eleventh and increase personnel by 10%. The lower earnings have largely been offset meanwhile by changes in the wage scale. Important benefits have been achieved through improved health and working morale and a consequent reduction in sickness. This company is said to be exceptionally adapted to this plan since it operates on continuous production 24 hours a day, 7 days a week. Shifts are so arranged that 2 successive days per week are left free to every man. Certain operating costs have increased slightly.

Goodyear Tire & Rubber Co. increased staff approximately 10%, although the same weekly wages are earned now as previously on a 5½-day week.

In the case of Colgate-Palmolive-Peet and Anaconda Brass, the 5-day week applies only to office staff, the change being made during the depression to compensate for salary cuts. Though these have now been restored, it has not been found necessary to return to the 5½-day week.

Bulk of the Canadian General Electric Co. plants are operating on a 5-day week apart from certain operations primarily of a jobbing nature.

Compared with the same period last year, the creamery butter production in Manitoba during the first 5 months of the year showed an increase of 19.8%. The 1936 make amounted to 6,302,741 pounds and that of last year, 5,262,163 pounds.

"LET US SERVE YOU AND YOUR FAMILY"

TRUST BUSINESS IN MONTREAL

If you or your associates have business interests in Montreal in connection with which the services of a Trust Company would prove helpful, refer the matter to the Crown Trust Company for efficient services and close personal attention.

Crown Trust Company

WILLIAM I. GEAR, President, JOHN JENKINS, Vice-President
ARTHUR LYMAN, Vice-President, IRVING P. REXFORD, Gen. Mgr.

393 ST. JAMES STREET WEST, MONTREAL

EXECUTORS • TRUSTEES • FINANCIAL AGENTS

How should savings grow?

Steady growth is healthier than haste or stagnation. Make savings deposits regularly, no matter how small.

We Would be Glad to Have Your Savings Account

97

IMPERIAL BANK OF CANADA

HEAD OFFICE-TORONTO
BRANCHES THROUGHOUT CANADA

EXPANSION through EXPORT

OPPORTUNITIES for greater sales volume and more profits may be found in the markets of the world. They must be sought—they are not to be found without effort, without careful, competent search.

The Canadian Government Commercial Intelligence Service is devoted to close, practical study of the buying resources of British Empire and Foreign Countries for Canadian commodities. Its prime purpose is to find openings for increased Canadian sales abroad.

A COMPLETE TRADE INTELLIGENCE SERVICE

Canada has many things to sell. But competition, everywhere, is keen. The product and the price must be right . . . packaging must be acceptable . . . merchandising must be undertaken with a sympathetic understanding of the consumers' needs.

Competent advice is yours for the asking. Canadian Trade Commissioners are located in thirty-two different countries. They are there to assist you in finding British Empire and Foreign markets . . . in securing sales expansion through export. These Trade Commissioners are highly-trained servants of Canadian Industry. They survey their respective territories; collect data on marketing facilities; competition; shipping; financing; and other factors relative to your export problems. They bring exporter and importer together.

32 COUNTRIES
CANADIAN TRADE COMMISSIONERS are located in the following Countries:
ARGENTINE REPUBLIC
BELGIUM
AUSTRALIA
BRAZIL
BRITISH MALAYA
BRITISH W. INDIES
CHINA
CUBA
EGYPT
FRANCE
GERMANY
INDIA AND CEYLON
IRISH FREE STATE AND NORTHERN IRELAND
HONGKONG
ITALY
JAPAN
MEXICO
NETHERLANDS
NETHERLANDS INDIA
NEW ZEALAND
NORWAY
PANAMA
PERU
SOUTH AFRICA
UNITED KINGDOM
UNITED STATES

USE THIS VALUABLE SERVICE

Never has there been a time when exporters have been faced by such a variety of problems as exist today in doing business in foreign markets. Canadian Trade Commissioners are on the ground in every country with which Canada does a substantial export trade to advise and assist you in the best methods of cultivating markets in the countries in which they reside.

This Government service is at your disposal without financial obligation.

DEPARTMENT OF TRADE AND COMMERCE
OTTAWA

HON. W. D. EULER, M.P., MINISTER.
JAMES G. PARMELEE, DEPUTY MINISTER.

TC362

By RAIL and LAKE to the West

. . . CRUISE THE GREAT LAKES
Canada's Inland Sea

● On your way to or from the West, combine Canada's fine rail and water routes *at no extra cost for transportation* (only a small charge for meals and berth). See lovely, island-dotted Georgian Bay, picturesque St. Mary's River, Lakes Huron and Superior . . . from a stately Canadian Pacific liner. Enjoy deck sports . . . dancing . . . delicious meals . . . comfortable, airy staterooms.

Or take the Great Lakes trip as a cruise in itself—ask about All-Expense Circle Cruises.

5 Zestful Days...........$59.00
6 Thrilling Days..........$63.50

Summer sailings every Wednesday and Saturday westward from Port McNicoll and eastward from Fort William and Port Arthur, visiting Sault Ste. Marie en route.

Full information from any Canadian Pacific Agent, including
Mr. G. Bruce Burpee, Canadian Pacific Building, King and Yonge Sts., Toronto.

Canadian Pacific

"Canadian Pacific Express Travellers' Cheques . . . Good the World Over"

CANADIAN PAPER COMPANIES

We shall be glad to supply on request studies on the following Canadian Paper Companies:

ABITIBI BATHURST CONSOLIDATED PAPER
DRYDEN FRASER PRICE BROS. HOWARD SMITH
ST. LAWRENCE CORP. ST. LAWRENCE PAPER

In our opinion the outlook for the Canadian newsprint industry is more favourable than at any time in the past five years.

McCUAIG BROS. & CO.
Established 1898
Members Montreal Stock Exchange *Montreal Curb Market*
274 St. James Street, HArbour 9151 1420 Peel Street, MArquette 9311

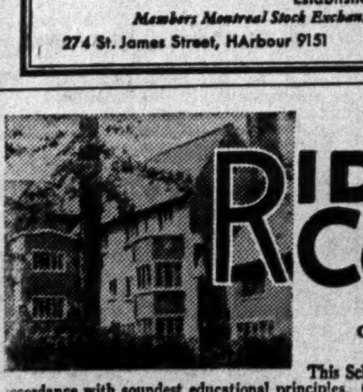
Classified Advertisements

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads payable in advance.

Capital Required

MANUFACTURER REQUIRES FIVE thousand dollars for one year. Will return double principal only. Good Security. Box 358, The Financial Post, Toronto.

GLOBE ENVELOPES
Makers of *Well Gummed* Envelopes
946 ADELAIDE STREET WEST-TORONTO



RIDLEY COLLEGE
ST. CATHARINES, ONTARIO
Canadian Residential School for Boys
Founded 1889

This School offers every facility for training of boys in ccordance with soundest educational principles. Courses leading to entrance to Universities and M.C. A special course for boys entering business life. Separate Lower School for boys 9 to 3. Upper School for boys 14 to 18. Memorial Chapel, Swimming Pool, Covered Rink. Five dern residences and 80 acres of beautiful grounds. Small classes under personal supervision. ndividual care and attention given each boy. School re-opens Tuesday, Sept. 8th. Full prospectus and information regarding Scholarships and Bursaries will be sent on request.

H. C. GRIFFITH, M.A., LL.D. • • • • HEADMASTER

Investment Trends

Hesitation in Advance Would Help Market

Canadian Stocks Slow to React to Wall Street Rise; American Money in Mining Market; Building Shares Show Improvement

Some recession of industrial shares under present circumstances would be regarded as a sign of consolidation of prices, possibly preparatory to a further rise, following the recent advances in New York. More optimistic estimates of the further possible rise of industrial shares run from 6 to 12% above the approximate levels early this week.

British investors and financial commentators continue optimistic over the prospects for continued recovery on this continent. There is no sign that large investments from Europeans are being withdrawn from the United States.

A marked feature of price movements in Canadian industrials has been the lag behind the recent American advance as outlined in a special article elsewhere in this issue.

Continued decline of commercial loans in Canadian bank statements signifies continuation of the increase in working capital in industry. In the initial stages of recovery, industry pays off loans as earnings rise. Broader recovery will be indicated when borrowings start to rise.

Conflicting Trends

THIS week the Dow-Jones average for industrial shares in New York broke through resistance around 165. The Toronto Stock Exchange average lingered in the early 130's and the Montreal Stock Exchange figure stayed well below 78.4, the high for this year.

Ordinarily the New York advance would have carried Canadian stocks upward, too. This may come in the industrial list, because there has been evidence of American participation in the strong market for mining shares in Toronto.

It is not a sign of particular strength for prices to continue to advance after breaking through previous high points as they have done in New York. More conservative followers of market charts prefer to see a decline below the previous high points and then a second rise through the highs. A development of this sort would now be viewed as indicating further advances.

Softness in New York, even though it might be temporary, would probably bring an inactive recession of Canadian prices. However, the increase in the amount of stocks carried by brokers for speculators has been comparatively modest this year so that no wide open break appears probable.

The greater public participation in speculation has been in mining shares which do not seem to react to what are considered normal stock market influences. Otherwise it would not be unnatural to expect some weakness in the more speculative mining stocks.

* * *

Investors or Speculators?

AS HAS been pointed out previously in The Financial Post, one of the disadvantages of lowering interest rates is to encourage what appears to be speculation rather than investment. The recent reduction in bank interest to 1½% has made small stock yields more attractive. Instead of keeping funds in savings accounts there has been some tendency to put it into speculative stocks, since yields on government securities are also very low.

In a period of recovery, amateur speculations of this sort may turn out well even though the more risky industrials are purchased. The long-run possibility, however, is that a large new group of speculators may be formed to participate in an ultimate repetition of 1929.

* * *

Buying Into Building

RECOVERY in the building and construction industry has been disappointing this year, but securities of firms in this field have shown scattered strength, as indicated below:

	July 27 $	Dec. 31 1935 $	Change
Dominion Bridge, com.	40½	32	+ 8½
Building Prods., A ..	40¾	33	+ 7¾
Foundation Co., com.	16	13	+ 3
Nat. Sewer Pipe, A ..	16¾	16¾	.....
Hamilton Bridge, pfd.	40	25	+15
Gypsum Lime, com...	7¾	6¾	+ 1
Dominion Tar, com. .	7¾	4½	+ 3¼
Canada Cement, com.	6⅝	6⅛	+ ½

These companies have been enjoying varying measures of improvement this year, but the pronounced strength in the more speculative of these shares is based partly on hopes that the long-awaited recovery in the building and construction field will develop perhaps next year. Certainly if activity in the industry returns to anything like peak levels, some of these shares, particularly the non-paying ones like Gypsum Lime, Hamilton Bridge preferred, National Sewer Pipe A, Foundation Co., and others would look cheap at present prices.

* * *

Bank Shares

RECENT strength in bank shares reflects more optimistic investment opinion about earnings, based partly on the reduced costs in the decline of savings interest to 1½%. However, there has been little or no advance since the first of the year:

Bank:	July 27 $	Dec. 31 1935 $	Change
Montreal	194	200	— 6
Royal	172	165	+ 7
Commerce	154	149	+ 5
Nova Scotia	282	271	+11
Toronto	220	225	— 5
Imperial	198	203	— 5
Dominion	199	185	+14
Can. Nationale	139	133	+ 6
Canada	57¾	52½	+ 5¼

As yet there has been little or no sign of increasing demand for loans which is essential before the banks' revenues will start to rise. Until this develops, banks are unlikely to shown earnings much above current dividends. As long as present dividends are earned, however, yields on bank shares are not unattractive in comparison with other seasoned investment stocks.

* * *

Miscellany

FIRMNESS in prices for zinc and copper reflects continued industrial recovery demand, which is essential to satisfactory earnings for base metal mines. If the rise of metals continues, investors may find interest more lively in shares of such companies as Coast Copper, Sherrit-Gordon, Opemiska and so on.

* * *

Revolution in Spain appears to have been disregarded entirely in stock market fluctuations. If there had been weakness in stock markets it would doubtless have been attributed to the Spaniards. The events in Spain are of more than momentary significance, indicating the economic impoverishment of Europe and the consequent bitterness of class conflicts pointing to such possibilities as war through dictatorship or perhaps to Communism.

* * *

The usual puzzle of what effect, if any, an American presidential election has on security prices is now under discussion far and wide. This year's contest may be of real significance since either a Landon win or pronounced weakening of the Roosevelt forces would be interpreted favorably by business and financial interests.

* * *

In the absence of a sharp rise in the cost of living in the United States it is becoming increasingly popular to say that the inflation talk of the last 2 years was premature. This failure to recognize inflationary influences is the very danger that characterizes most inflations and allows them to run away.

* * *

Drought and monetary quackery in Alberta have resulted not only in collapse of the provincial bonds but have led to comparatively low prices for securities of companies in the province such as those of Canadian Western Natural Gas, Northwestern Utilities and Canadian Utilities. In the long run, it would not be surprising if some of the senior securities of such firms turn out to have been cheap at present levels.

$100,000 in Furs

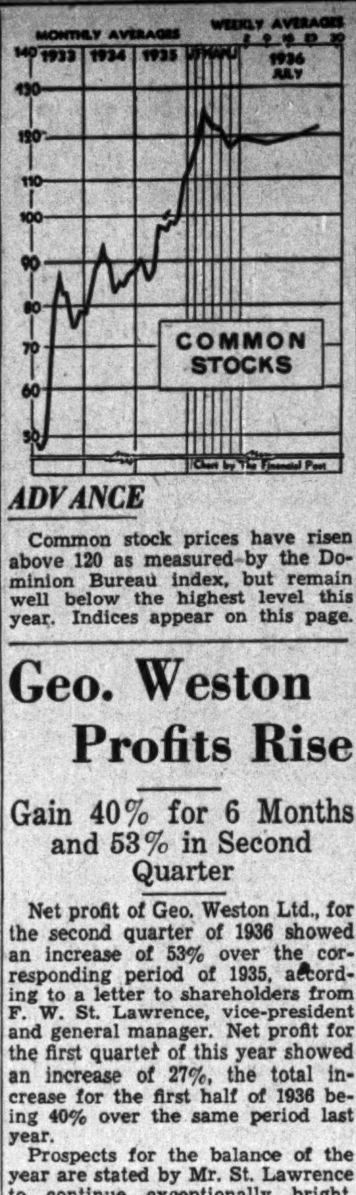
Furs valued at $100,000 were brought recently to Edmonton by train from McMurray, Alta., end of steel 300 miles north of there. The furs had been flown to McMurray from various points in the North West Territories during the winter.

HAMILTON BY-PRODUCT
COKE OVENS, Limited
General Mortgage
6% Sinking Fund Bonds
(Closed Issue)
DUE APRIL 1st, 1956

Average earnings for five years ended March 31st, 1935, equal 2.68 times the combined annual interest requirements on both First Mortgage and General Mortgage Bonds of the Company. The Management's estimate of net earnings for the year ended March 31st, 1936, is equal to 2.86 times combined annual interest requirements.

Price: 99.50 and accrued interest to yield over 6%

NESBITT, THOMSON
AND COMPANY LIMITED
355 St. James Street West, Montreal
Branches in the principal cities of Canada



ADVANCE

Common stock prices have risen above 120 as measured by the Dominion Bureau index, but remain well below the highest level this year. Indices appear on this page.

Geo. Weston Profits Rise

Gain 40% for 6 Months and 53% in Second Quarter

Net profit of Geo. Weston Ltd., for the second quarter of 1936 showed an increase of 53% over the corresponding period of 1935, according to a letter to shareholders from F. W. St. Lawrence, vice-president and general manager. Net profit for the first quarter of this year showed an increase of 27%, the total increase for the first half of 1936 being 40% over the same period last year.

Prospects for the balance of the year are stated by Mr. St. Lawrence to continue exceptionally bright, and it is expected that earnings will be further augmented by the additional capacity now coming into operation.

Improvement Throughout

In announcing improvement in all departments both in Canada and the United States, Mr. St. Lawrence states:

"Due to the increased volume of business in the United States, it has been found necessary to increase the capacity of the plant at Passaic by 33 1/3%. This extension has been effected at a comparatively small cost and will be in full operation this month. The new plant at Battle Creek, Mich., is now in process of being equipped, and we expect will be in operation not later than September 1.

"The new caramel department of the William Patterson Ltd., Brantford (wholly-owned subsidiary), came into operation April 10, and has worked at capacity since that date. Pressure has necessitated a further increase to this department, which has been put into effect this month."

The company and its subsidiaries manufacture and distribute bread, cake and biscuits in Canada and the United States.

W. Kootenay Power to Start Rebuilding Power Lines

Rebuilding of the transmission line from Rossland, B.C., to Oliver, B.C., will be undertaken by the West Kootenay Power Co., according to a recent announcement by J. D. McDonald, general superintendent.

The company is also to start rebuilding of about 10 miles of their line between Cascade and Grand Forks.

Canada Bread Earnings Rise Nearly Triple

Amount to $13.08 a Share on First Preferred Stock

$2.87 ON CLASS B

Canada Bread Co. report for the year ended June 30, 1936, shows remarkable recovery over the past 3 years.

Earnings were equivalent to $13.08 a share on the first preferred compared with $4.47 a share in the preceding year, or almost a 3-fold rise.

On the B preferred, earnings were equivalent to $4.04 a share if no allowance be made for participating provision with the common. Allowing for the participating provision, earnings were $2.87 a share on the B preferred and 14.6 cents on the common. No earnings had been shown on the B stock since 1932 and there had been none on the common since 1930.

B Dividend Doubtful

At the annual meeting this week, president C. H. Carlisle told shareholders that the question of dividends on B preferred shares is under consideration but that no promises of payment could be made because of the need for providing for bond redemption in 1941.

Shareholders, he said, would have to leave it to the discretion of directors as to whether all or part of the cumulative dividend of $2.50 a share on the B preferred could be paid this year. He pointed out that eventually the accrued dividends would have to be paid.

Carlisle Record

Shareholders attribute a large part of the improvement to management under C. H. Carlisle, president of the company and of The Dominion Bank, who has taken an active part in its affairs beginning in the 1933-34 year.

In a letter accompanying the annual report, Mr. Carlisle gives condensed figures showing the improvement since 1933, as follows:

Year	Profits before taxes $	Working capital $
1932-33	—20,284	—48,427
1933-34	—17,428	88,563
1934-35	72,004	217,432
1935-36	202,893	*262,222

—Loss or deficiency. *Excluding bond redemption fund of $62,584.

Improvement in bread sales since 1933 is 17% and in cake sales 38%. Finally, the letter points to improvement in value of investors' holdings in the company as follows:

	Price at June 30 1936	1933
First preference	95	30
Class B preference	41	8
Common	4⅞	1¼
Bonds	110	63½

Quarter-cent a Loaf

In the annual statement, Mr. Carlisle points out that the profit margin was approximately one-quarter cent a loaf and that earnings have been built largely on volume. Both bread and cake sales have shown improvement.

Sales policy has been to introduce some new line each year. The latest is fancy popcorn, treated with a cheese mixture, which is being advertised this week for the first time.

The large Danforth Avenue plant in Toronto has been remodelled and is operating as a huge cake shop. The company has also established a branch factory at Sarnia. It is understood that the company has recently disposed of expense-creating real estate for a small sum to cut taxes, which have been paid for many years.

Conserving Resources

The only comment in the report touching upon dividends on class B preferred shares is: "Dividends have been paid in full on the first preference stock. The remaining earnings have been conserved for bond redemption. The safety of your company lies in making adequate provision for bond redemption in 1941."

The class B preferred is now in arrears $2.50 a share, one year's dividend under the arrangements made in last year's capital reorganization.

In the 1935-36 year, $94,040 was set aside for bond redemption, and the company now holds enough of its own bonds to take care of all sinking fund requirements to maturity of the 6% issue in 1941.

Major features in the balance sheet and surplus accounts are large write-offs arising from the reorganization last year. These changes and comparative earnings appear on page 2.

New Industries

Kenwood Mills, Arnprior, Ont., has acquired the former Sanitaris plant which will be completely remodelled to suit the needs of the textile company. (Ottawa Citizen.)

British American Oil Co. will open this month a new $300,000 absorption plant at Turner Valley, Alberta. (Calgary Herald.)

Niagara Wire Weaving Co., Niagara Falls, Ont., proposes to erect an addition to the south side of the factory at a cost of about $15,000. (Niagara Falls Review.)

Mohawk Handle Co., Ltd., has been incorporated in B. C. with head office at New Westminster where a plant will be erected. (Hardware and Metal.)

* * *

Daily Commercial News notes that:

Canadian Spool Cotton Co., Montreal, has awarded general contract at approximately $40,000 for construction of addition and for alterations to plant.

Cluett, Peabody Co. of Can., Ltd., shirtmakers, Kitchener, Ont., has let general contract for $10,000 repairs to factory.

Welland Vale Mfg. Co., St. Catharines, Ont., will build new axe forging unit to replace building destroyed by fire in July.

Abitibi Shows Better Results

Business, Earnings and Liquidity Reported Improved

Business of Abitibi Power & Paper Co. has shown improvement since since April, 1936, it is understood.

It is reported earnings are sufficient to cover depreciation in full, with something to spare for bond interest. A great deal, however, depends upon the rate at which depreciation is charged.

In 1935, the receiver reported $1,205,186 available for depreciation and bond interest after all expenses and other charges. This compared with $952,928 in 1934 and $1,036,562 in the period from Sept. 10, 1932 to 31, 1933.

Charges to be Earned

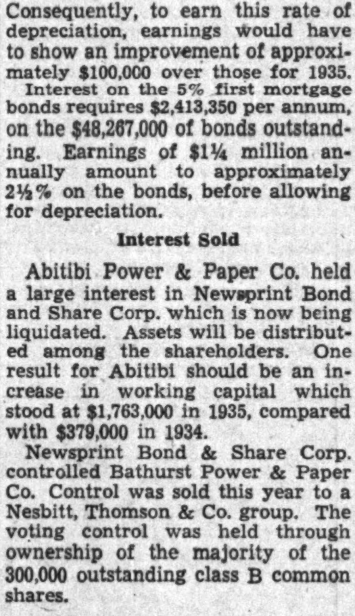
The receiver's accounts do not show charges for depreciation and bond interest, but do make allowances for cost of carrying idle properties, and in 1935 $100,000 was written off as amortization of G. H. Mead Co. shares. Prior to receivership, depreciation for the full year 1931 was charged at the rate of $1,293,000. Consequently, to earn this rate of depreciation, earnings would have to show an improvement of approximately $100,000 over those for 1935.

Interest on the 5% first mortgage bonds requires $2,413,350 per annum, on the $48,267,000 of bonds outstanding. Earnings of $1¼ million annually amount to approximately 2½% on the bonds, before allowing for depreciation.

Interest Sold

Abitibi Power & Paper Co. held a large interest in Newsprint Bond and Share Corp. which is now being liquidated. Assets will be distributed among the shareholders. One result for Abitibi should be an increase in working capital which stood at $1,763,000 in 1935, compared with $379,000 in 1934.

Newsprint Bond & Share Corp. controlled Bathurst Power & Paper Co. Control was sold this year to a Nesbitt, Thomson & Co. group. The voting control was held through ownership of the majority of the 300,000 outstanding class B common shares.



JOINS LORD & THOMAS

Carl D. Dennis, Jr., recently appointed manager of the Montreal office of Lord & Thomas of Canada Limited. He resigned as general directory sales supervisor for Bell Telephone Company of Canada, to make this new association. His past varied experience includes advertising executive of Sherwin-Williams Company; Halifax Herald and Mail; Brotherton Company, Toronto.

Investment Notes

Hamilton Bridge — Increase in volume for the first half of this year was 37%. Recently The Financial Post reported the increase at 27%, which was an understatement.

* * *

Int. Power & Paper—Henry A. Colgate, director, acquired 400 class C common in December, 1935, and in November acquired 600 of the 7% preferred.

* * *

Walker-G. & W.—H. O. C. Palmer increased his holdings from 165 to 205 common shares in April.

* * *

United Steel—Something seems to be doing in the common shares. Buyers have been taking them at the offering price for about 10 days. The best subsidiary, Standard Steel Construction Co., has been operating close to peak capacity this year.

* * *

Dome Mines—Sale of 200 shares, halving the holding, is reported for the second quarter of this year by Broad Street Investing Co., New York.

* * *

Silverwood's—Lack of an active market for the company's shares has led directors to decide that application for listing both preferred and common stock on the Toronto Stock Exchange should be made at "the most opportune time but not more than one year from this date." So says a letter to shareholders from president A. E. Silverwood.

* * *

Massey-Harris — Preferred shares rose more than a point on news of the sinking fund modification outlined in this issue. Although the plan delays cash distributions, it eases the burden of fixed charges, and, even if not entirely favorable to dividend hopes, it clarifies the company's position.

Geo. Weston — Strength of the common shares above $16 reflects increased earnings this year. It is believed powers in the company would like to see strength in the common so as to encourage conversion of preferred shares. However, conversion only seems likely to become heavy if common dividends rise sufficiently to make conversion attractive on an income basis. The common dividend would have to be over $1 a share to make it profitable to give up the $5 dividend on the preferred. The present rate on the common is 80 cents a share.

* * *

Canada Malting—The big question, in view of improved earnings for the year now closing is whether there will be another 50-cent extra payment. Conservation of resources in the past makes it easily possible.

* * *

Canada Bread — Common shares have moved up to 5½ on the strength of this year's earnings of 14.6 cents a share. The stock sold as high as $28¾ in 1929, when dividends were 75 cents a share. Dividends appear distant, which works against further strength in the shares for the present. However, continued efficient management lends some attraction to both the class B preferred and common shares.

* * *

Montreal Power's offer to holders of Beauharnois 5½% bonds is meeting with a ready reception. Up to the end of last week, the first since the offer was formally made, some 3¼ millions, or over 10% of the total outstanding bonds less Montreal Power's $10 millions of holdings, have been turned in for exchange.

Significant Investors' Index Numbers

1926 = 100

	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's.
No. of Securities	15	6	5	5	11	18	9	89	23	112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	158.7	151.7	200.0	57.0	126.1
March	136.5	18.1	88.7	237.3	73.1	153.0	140.1	194.5	55.5	122.8
April	131.7	17.5	91.0	244.5	71.3	150.7	131.7	194.2	53.2	121.4
May	125.1	16.7	87.3	234.0	68.1	145.7	131.4	187.9	52.5	117.9
June	125.3	10.6	86.5	228.1	67.4	149.2	129.3	189.3	53.3	119.0
Weekly Figures, 1936:										
July 2	124.3	18.0	87.6	229.4	65.6	149.5	126.1	190.6	53.6	119.2
July 9	123.2	18.5	86.7	228.3	65.6	150.3	127.8	189.9	53.0	118.5
July 16	124.5	19.2	85.6	228.1	68.7	152.2	130.4	191.0	53.6	119.4
July 23	126.7	18.6	88.6	228.5	69.6	155.2	130.2	192.8	54.0	120.4

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Massey-Harris Meets Aug. 31

Bondholders to Consider Plan to Modify Sinking Fund

A meeting of holders of 5% bonds, due 1947, of Massey-Harris Co. has been called for August 31 at the company's office, Toronto, to consider modification of the terms of the sinking fund. Interest on the bonds has been paid in full and is not being modified.

The present sinking fund calls for deposit of $300,000 April 15 and $300,000 October 15 each year. Deposits reduced the outstanding bonds from $12 to $8.7 millions between 1927 and 1933, but the payment due Oct. 13, 1933, was defaulted and no deposits have been made since.

Summary of Plan

Bondholders have been asked to consider proposals as follows:

1. To waive the past 3 years' defaults of sinking fund, totalling $2.4 millions next Oct. 15.
2. To alter the sinking fund to provide for payment of $100,000 on Oct. 15, 1936, and $100,000 on both April 15 and Oct. 15, 1937 to 1941 inclusive; $125,000 on both April 15 and Oct. 15, 1942 to 1945 inclusive; $150,000 on both April 15 and Oct. 15, 1946 and 1947.
3. To give the company the right to redeem the bonds in whole or in part at any time, at 102 up to Oct. 15, 1937, and at 101 thereafter to maturity in 1947.
4. To provide that all new sinking fund payments shall have been met, and that $2 millions par value of bonds shall have been reduced before the company may make any cash payments on any securities junior to the 5% bonds due 1947.

Modifications Clear

The proposed new sinking fund provisions would result in retirement of $2.7 millions of bonds by maturity, bring the issue down to $6 millions, or half the original amount.

The proposal with regard to redemption does not alter the present redemption prices. However, it removes a restriction that prevented redemptions at the call price for sinking fund purposes, and it gives greater latitude as to the time at which redemptions may be made.

The restriction providing that at least $2 millions of bonds must be retired before any payment may be made on junior securities appears to put a substantial barrier ahead of any possible dividends on the preferred shares. Nothing has been earned on the shares since 1929, but holders have hoped for some marked revival of earnings. Obviously the new sinking fund proposals impose an important safeguard for bondholders since the amount of the issue must be substantially reduced before other security holders get any cash.

Expected to Pass

The new proposals have been drafted by directors in consultation with representatives of bondholders. It is believed that substantial agreement has been obtained for the changes so that the probability appears to be that representation will vote largely in favor of the plan at the forthcoming meeting.

Directors of the company feel that the position of default on sinking fund should be remedied in this manner. The sinking fund was extremely heavy in the first instance as is indicated by the retirement of $3.3 millions of bonds. It would have retired the whole issue by maturity, but was too burdensome when the company was hit hard by agricultural depression.

Completing Plan For Hayes Wheels

Bond and Share Holders Requested to Exchange Old Securities

Holders of 6% first mortgage bonds of Hayes Wheels & Forgings are now required to surrender their bonds to the Chartered Trust & Executor Co., Toronto, for exchange into new securities of Hayes Steel Products, the new name under which the company operates.

Bonds should be surrendered with all coupons subsequent to Oct. 1, 1932, attached. Holders are entitled to receive the coupons due April 1 and Oct. 1, 1934; also new bonds equivalent to 50% of bonds surrendered; and participating preferred shares for the other 50% of bonds surrendered. The new bonds will carry coupons from April 1, 1936.

Shares Exchangeable

Shareholders have been asked to surrender their stock certificates on or after Aug. 1, 1936, at the company's office at Merritton, Ont. In return, they will receive certificates for new shares as follows: Preferred, 3 new common for each old or preferred; common, one-tenth new common share for each old share.

The company is undertaking to make up whole shares in exchange for fractions received on or before Aug. 1, 1937. It will dispose of fractions, returning proceeds of sales to holders, and will also combine fractions to make up whole shares for those who desire them.

Paramount Estimates Loss At $476,000 for Quarter

Paramount Pictures Inc. estimates it will show a net loss of $476,000 for the second quarter of 1936.

Operating earnings are estimated at only $147,000 after crediting $800,000 of inventory reserve to operations. Remaining income consists of $160,000 in dividends from nonconsolidated subsidiaries and $63,000 profit on debentures purchased for retirement. Total net income is $370,000.

Debenture interest and foreign exchange are estimated to absorb $421,000, and $425,000 is reserved for taxes, investments and contingencies. Total charges on net income are therefore placed at $846,000 resulting in the estimated loss of $476,000 for the quarter.

The company's net interest in undistributed earnings of partially owned subsidiaries amounted to $305,000 for the quarter. This is not taken into income but represents earnings that could be payable as dividends.

To Holders of
British Columbia Telephone Company
5% First Mortgage Bonds, due 1960

We offer the new issue of:
British Columbia Telephone Company
4½% First Mortgage Bonds
Due June 1st, 1961
Denominations: $500 and $1,000.
Payable in Canadian funds.
Price: 105 and interest,

in exchange for the outstanding 5% First Mortgage Bonds of British Columbia Telephone Company payable in Canada, New York or London, England, at 108.50 and interest. This includes 3½% (or $35 per $1,000 Bond) calculated to cover the present premium on foreign exchange.

We shall be glad to forward descriptive circular upon request.

Wood, Gundy & Company
Limited
Toronto Montreal Winnipeg London, Eng.
36 King Street West
Toronto
TELEPHONE: ELGIN 4321
Ottawa Hamilton Vancouver London, Ont.

Security Analysis

Canadian Canners

Short Canning Crops This Year and Rising Prices Add Significance to Company's Generous Inventory

Unusually dry weather in central Ontario, source of large supplies for canners of fruits and vegetables, has aroused interest in the prospects for Canadian Canners Ltd. this year. The present situation with rising prices and a shortage of canned foods is expected to prove advantageous to the company by those close to its affairs.

The only time the company has had difficulty in operating at a profit has been in a period of falling commodity prices and when there has been a large surplus of canned goods pressing for sale. Geographical diversification of the company's activities helps offset peculiar climatic conditions in a single area.

Inventory Valuable

Canadian Canners entered the current fiscal year in March with an inventory valued at $4.4 millions which was slightly higher than the inventory a year earlier.

Even though the pack of some fruits and vegetables may be small this year, substantial profits are expected from liquidation of the current pack and of inventory at rising prices. In the United States, large canning companies, such as California Packing, Libby McNeill & Libby, and others, are having a profitable year with satisfactory volume.

Earnings Higher

A substantial increase in earnings is expected, although it is too early to make precise forecasts. Last year the company reported increased earnings over the preceding year, applicable to senior securities as follows:

Canadian Canners Results
Years Ended Feb. 28

Times interest earned:	1936 $	1935 $
Before depreciation	4.18	3.20
After depreciation	2.59	1.91
Earnings, dividends per share:		
1st pref. earned	7.79	4.57
Paid	6.00	6.00
2nd pref. earned	0.19	...
Paid	0.20	0.37½

As a result of the refunding of the company's first mortgage bonds, a saving of $63,000 per annum was effected, which is of considerable importance to the equity holders since it allows increased debt retirements.

In recent weeks, the company's first mortgage bonds and 6% first preferred shares have been selling at the highest prices on record. The convertible bonds offered at 97¾ earlier this year are now changing hands around 99, while the first preferred has risen above 100. The convertible second preferred and common shares are still selling considerably below prices reached prior to the depression.

It is probably not generally realized that the second preferred stock has paid a dividend each year through the depression, although irregularly. The amount fell from a rate of $1 a share in 1930 to only 20 cents last year. So far in 1936 no dividend has been declared by the directors, although it is believed probable that perhaps 20 or 30 cents will be paid for the fiscal year, provided earnings live up to present expectations.

Common Shares

No dividend has been paid on the common stock since 1933, and it is not entitled to receive anything until the second preferred receives 60 cents per annum. A comparatively small increase in operating profits, however, would make it possible for the company to show some earnings on the common.

It should be noted that the second preferred is convertible into common share for share and the new bonds are convertible into common, $100 of bonds for 5 shares up to 1943, thereafter $100 for 4 shares. The common sold at as high as $28 a share in 1929 and touched a low of $1¾ in 1932.

The company has grown to be the biggest organization of its kind in the British Empire and at present operates 81 plants in Canada. Its production last year was estimated at approximately $10 millions.

Nova Scotia Reduces Theatre Ticket Taxes

From Our Own Correspondent

HALIFAX. — Reductions averaging almost 50% on government amusement tax for admission to theatres have been granted by the Nova Scotia government. The tax on children's 10-cent admissions to matinee performances on Saturdays and holidays has been eliminated.

Taxes on admissions at 25 to 35 cents have been reduced by 2 cents per ticket. Taxes on admissions higher than 35 cents are not being reduced.

N. B. Power Board Adds Unit to Steam Power Plant

From Our Own Correspondent

MONTREAL. — New Brunswick Electric Power Commission has placed in operation a new turbogenerator at the modern coal plant at Newcastle Landing. As a result, the previous capacity has been doubled with a production peak of 15,000 h.p. The Commission now has at its disposal a total output of 26,000 h.p., incuding the 11,000 h.p. hydro-electric plant at Musquash.

Installation of the addition to the steam power plant has been going on for some months and has been completed at a cost of $450,000, or some $50,000 below the estimate.

Factory sales of electric storage batteries by Canadian producers amounted in value to $738,697 during the first quarter of 1936, compared with $682,478 in the corresponding period of 1935.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.00	$5.75	$6.75
Hogs	9.75	9.60	10.40
Copper, lb.	.09¾	.09½	.08
Cotton, lb.	.1330	.1312	.1215
Rubber, lb.	.1631	.1641	.1181
Sugar, raw, lb.	.0370	.0370	.0320
Silk, lb.	1.63	1.68	1.59
Wheat (Man.) bus.	.95½	.94	.85⅛
Coffee, lb.	.08¼	.08¼	.06⅝
Hides	.11	.10½	.09¾

Weekly Indices

N. Y. Annalist	125.1	124.3	123.6
Fishers'	83.2	83.3	81.7
N. Y. Journal of Comm.	81.8	81.7	79.0
Crumps (Brit.)	69.8	69.5	64.2
U. S. Labor	80.3	79.5	79.2
Canada (D.B.S.)	74.1	73.9	71.5

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (June)	80.0	80.1	78.9
W'sale (June)	72.3	71.8	71.4
U. S. Labor (June)	79.2	78.6	79.3
Gt. Brit. (Mar.)	91.7	91.7	86.9

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price. Toronto: copper—electrolytic, New York: silk—Japanese, 13-15, New York: Sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft.-W.-Pt. A. basis; hides—No. 1 packer light native cows, New York; hogs — select bacons, Toronto.

CANADIAN
FUND

Prospectus and annual report of Canadian Investment Fund, Ltd., obtainable from your own investment dealer.

CALVIN BULLOCK, LTD.

INVESTMENT SECURITIES
BONDED CORPORATION LIMITED
80 King Street, West, TORONTO
ADelaide 7408
Montreal Quebec Saint John

MASSEY-HARRIS Company Limited

Twenty-Year Five Per Cent. Sinking Fund Gold Debenture Bonds

NOTICE OF BONDHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the Twenty-Year Five Per Cent. Sinking Fund Gold Debenture Bonds (hereinafter referred to as "the Bonds") of Massey-Harris Company Limited (hereinafter referred to as "the Company"), secured by Deed of Trust and Mortgage dated the 15th day of October, 1927, made between the Company and the Toronto General Trusts Corporation as Trustee, will be held at the office of Massey-Harris Company, Limited, 915 King Street West, Toronto, on Monday, the 31st day of August, 1936, at the hour of 12.00 o'clock noon (daylight saving time), for the purpose of considering, and if thought fit, passing as an extraordinary resolution or extraordinary resolutions, pursuant to the provisions of the said Trust Deed, one or more resolutions for the following purposes, namely:—

1. To sanction, either as proposed or as modified at the Meeting, a proposal for the modification or compromise of the rights of the bondholders against the Company; the principal features of said proposal providing substantially as follows:—
   - (a) To waive the default that has occurred under the said Deed of Trust, or under the said Bonds by the non-payment of the Sinking Fund payments required to have been made by the Company on the 15th day of October, 1933, the 15th days of April and October in each of the years 1934 and 1935 respectively and the 15th day of April, 1936.
   - (b) To release the Company from its covenant to pay to the Trustee for the purpose of a Sinking Fund the sum of $300,000 on the 15th day of October, 1936, and the same amount on each of the 15th days of April and October thereafter, so long as any of said bonds remain outstanding; and substitute therefor the Company's covenant to pay to the Trustee the following payments for the purpose of providing a Sinking Fund for said bonds, namely:—
     - $100,000 on the 15th day of October, 1936.
     - $100,000 on the 15th days of April and October in each of the years 1937 to 1941 inclusive,
     - $125,000 on the 15th days of April and October in each of the years 1942 to 1945 inclusive,
     - $150,000 on the 15th days of April and October in the year 1946, and
     - $150,000 on the 15th day of April, 1947.
   - (c) To provide that the Company shall have the right at any time to redeem in whole or in part the outstanding Bonds on the following terms, viz: if redeemed on or before October 15th, 1937, at par with a premium of 2%; if redeemed thereafter and on or before October 15, 1947, at par with a premium of 1%; interest being paid in all cases on the principal amount to the date of redemption.
   - (d) To provide that all payments due on the sinking fund schedule as set out in clause (b) shall have been made, and in addition thereto, there shall have been redeemed $2,000,000 par value of said Bonds before the Company may make any cash payments in respect of dividends on its shares or interest on, and/or principal of, any Bonds, debentures or other securities in respect of which the said Twenty-Year Five Per Cent. Sinking Fund Gold Debenture Bonds have priority.
   - (e) To authorize and direct The Toronto General Trusts Corporation (the Trustee) to concur in and execute any Supplementary Deed or Deeds and any other Deeds and Documents and to do all acts and things which in the opinion of Counsel may be necessary or advisable for the purpose of giving effect to any and all Resolutions passed at the said Meeting and any adjournment or adjournments thereof.
2. To require holders of Bonds to produce their Bonds and all unmatured coupons appertaining thereto to the Trustee for notation thereon of a reference to and/or alteration or modification thereof in accordance with any and all Resolutions passed at the Meeting and any supplementary Trust Deed executed pursuant thereto.

THIS NOTICE is given pursuant to the provisions of the Trust Deed to the intent that any Resolution passed at the said Meeting or any adjournment thereof shall, if passed in the manner provided for passing Extraordinary Resolutions of Bondholders be binding upon all Bondholders whether present or not present at the Meeting or any adjournment thereof and to the further intent that in considering and/or passing any Resolution, extraordinary or otherwise, such Meeting may modify, amend, change, amplify, add to or omit any of the matters and things hereinbefore specified.

Pursuant to the provisions of the Trust Deed and Regulations made by the Trustee thereunder:—

Bondholders, other than registered Bondholders, desiring to attend the Meeting without producing their Bonds may deposit the same with any Bank, Trust Company, corporation, firm or person approved, either before or after such deposit, by the Trustee, and will receive in exchange Certificates which will entitle the person named therein to be present and vote at such Meeting and at any adjournment thereof and to appoint a proxy to be present and vote for the holder at such Meeting and at any adjournment thereof, in the same way as if the person so present and voting either personally or by proxy were the actual bearer of the Bonds in respect of which such Certificate has been issued and had produced the same at such Meeting or adjournment. Bonds so deposited will be held on deposit until after the said Meeting and any adjournment thereof, and will then be returned to the depositor.

Holders of registered Bonds may attend in person and vote or may by instrument in writing appoint any person as proxy to vote at such Meeting and any adjournment thereof.

A proxy need not be a Bondholder. The Trustee may dispense with any such deposit of Bonds and permit Bondholders to make proof of ownership in such manner as the Company and the Trustee may appoint.

Save as aforesaid, the only persons who shall be recognized at any Meeting as a holder of any Bonds or as entitled in person or by proxy to be present and vote at the Meeting in respect thereof shall be persons who shall produce their Bonds at the Meeting.

Forms for listing Bonds for deposit for voting purposes, forms of Voting Certificates and of proxies and other information may be obtained by Bondholders on application to The Toronto General Trusts Corporation at its above-mentioned Office in Toronto, or at the offices of The Canadian Bank of Commerce in Toronto, Montreal, or at its agencies in London, England, or New York City, N.Y., U.S.A.

Dated this 17th day of July, 1936.

THE TORONTO GENERAL
TRUSTS CORPORATION,
Trustee.

Bond Markets

Bond Dealings Enter Typical Summer Coma

London Gilt-edged Market Facing Need for Further Credit Expansion — Prices Remain High While Credit Support Continues

Bond market activity at present could really be described as coma. With both clients and bond men a-holidaying, absence of new offerings, scarcity of open market supplies, it has been difficult for either dealers or clients to make profitable trades. Firm but inactive describes it.

Corporation bonds continue firm and would rise further but for redemption prices which have been exceeded in many cases. Refinancing of corporate bonds at reduced interest rates should continue later this year.

Proposed extra relief levies in some Ontario municipalities that are in default may tend to lessen speculative attractions of such issues due to the increase in operating costs of the municipalities.

The Ontario government disclaims any intention of coming into the market for money at present. However, dealers look for some sort of financing this year probably funding of short-term debt.

Weakness in Saskatchewan bonds, as shown by quotations on page 12, is attributed to a rumor that reduction of interest may be proposed. There is no official foundation for this, although there is a strong and growing feeling throughout the West that reduction of interest rates by some method must come. This view is held by business leaders as well as by politicians and the public.

Strength is anticipated in C. P. R. convertible 3½'s of 1951 when they become eligible for trading in New York, and the conversion feature is looked upon with favor.

Gold and Bonds

THERE is now discussion in London of the possible writing up of the value of gold holdings of the Bank of England. Credit expansion has proceeded along 2 lines in Great Britain:

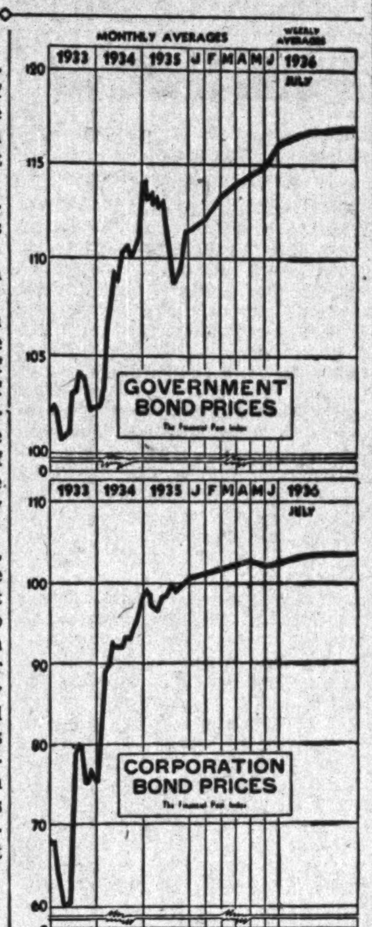
(1) Increase of bank cash impelling purchases of over £300 millions of securities by banks;

(2) Increase of bank loans with business recovery.

The increase in loans may threaten the low interest rates that were established by the expansion of bank cash. Hence the discussion of gold revaluation. The Bank of England carries gold at 85s per ounce compared with the market value of about 140s, and by raising the value of its holdings would automatically avoid contraction of credit.

Unless some such move is made, gilt-edged securities, which are below their highest levels, might decline. One effect would be to transmit to outside markets a stiffening of interest rates. For Canada the effect would certainly not strengthen high-grade bond prices. Recently, however, there has been firmness in the British gilt-edged market, and the expectation in London appears to be that steps will be taken to guard against interference with present low interest rates and high bond prices.

* * *



Credit Contrast

AN IMPORTANT contrast between the British and Canadian situations is that there has been little or no revival of demand for loans from the banks here. Consequently, banks have continued to purchase bonds while industry has been using improved earnings to strengthen working capital. When an increase in demand for loans develops, the Canadian bond market, influenced by the cessation of bank purchasing, may face some stiffening of interest rates.

Meanwhile maintenance of low interest rates and high bond prices in Great Britain and the United States allows the Canadian bond market to hold its highest level of the century. Stable currencies are essential, of course, to this. The firmness of corporation and gilt-edged bond prices is indicated below:

The Financial Post Average Price and Yield for High Grade Government Bonds

1936	Price $	Yield %	1935	Price $	Yield %
July 28	116.79	3.070	July 29	113.01	3.494
July 27	116.73	3.079	July 27	113.03	3.493
July 25	116.67	3.090	July 25	113.12	3.483
July 24	116.66	3.090	July 24	113.21	3.476
July 23	116.68	3.094	July 23	113.24	3.474
July 22	116.66	3.095	July 22	113.33	3.467
June 3	116.37	3.126	June 29	112.73	3.540
Year's	116.79	3.070	Year's	114.97	3.367
Range	111.50	3.597	Range	106.57	4.097

Average Price 8 Corporate Bonds, 1936

Week ended:		Month of:	
July 28	102.44	June	102.44
July 21	102.56	May	102.12
July 14	102.68	April	102.50
July 7	102.61	March	102.41
June 30	102.66	Feb.	102.38
June 23	102.44	Jan.	102.01

* * *

Western Guarantees

THERE once was a day when railway bonds guaranteed by western provinces stood at slightly lower levels than the bonds of the provinces. Now the situation has reversed, as comparative bid prices show:

	Current Bid	Yield %
Provincial bonds:		
Alberta 4½% '56	64	*
B. C. 4% '57	84	5.3
Saskatchewan 4% '53	77	6.0
Guaranteed bonds:		
(Alta.) Ed. D. & B. C. Ry. 4½% '44	99	4.6
(B.C.) C. N. P. Ry. 4% '50	88½	5.1
(Sask.) G. T. P. Ry. 4% '39	97	4.5

* Not calculable.

One reason for strength in these issues is that interest on Alberta guarantees has not been halved definitely. Bondholders have the right to sue under some guarantees, but they cannot sue a province without its specific consent. Moreover, the C. N. R. and the Dominion government would be involved in guaranteed bonds because some of the roads are integral parts of the national railway system. The short-term guarantees, as shown above, have held close to 100, at which level the sale value seems attractive for the individual investor.

Rolland Paper Stock in Trust

W. C. Pitfield and Co. Offers Voting Trust Certificates Covering Control

From Our Own Correspondent

MONTREAL.—W. C. Pitfield and Co. are making public offering of Rolland Paper Co. voting trust certificates for common stock at a price of $21 a share.

Rolland Paper is one of the oldest and largest of the fine paper manufacturers in the Dominion. It was established in the last half of the 19th century and a few years ago the public became interested in this enterprise through the purchase of bonds and preferred stock. The present financing does not represent any increase in outstanding securities, but simply the sale of voting trust certificates representing a majority of the issued common stock.

ROLLAND PAPER CO.
Voting trust certificates for common stock, n.p.v.

Capitalization	Authorized	Outstanding
5½% 1st mtge. bds.	$5,000,000	$2,111,000
6% cum. red. pref. stock	$2,500,000	$1,500,000
Com. stock, n.p.v.	100,000 shs.	60,001 shs.

Company: Present company incorporated in June, 1928. Engaged in the manufacture and sale of high-grade bond, writing and ledger paper. Mills are located in St. Jerome and Mount Rolland, and have an annual capacity of 8,200 tons of paper.

Earnings: Surplus after deduction of all charges, including preferred dividends, amounted to $47,113 for 1935. This was equal to 78 cents a share, as against 38 cents a share in 1934. Sales in the first half of 1936 have recorded a further increase.

Dividends: Regular dividends have been paid on the preferred stock since 1928. An earned surplus has been built up, which at the end of June last was equivalent to $6.52 a share on common stock outstanding. Initial dividend of 25 cents a share has just been declared on the common.

Balance Sheet: As at June 30 fixed assets had a book value of $4.8 millions against which was a reserve for depreciation of $670,954. Net working capital at the same date was better than $1 million.

Management: There will be no change in the management. Voting control of the company will be placed for a period of 5 years in the hands of 3 voting trustees, Jean Rolland, Jean Paul Rolland and W. C. Pitfield.

Offered by W. C. Pitfield and Co. at $21 a share.

Service Stations Bonds on Market

Syndicate Offers $100,000 Series "D" to Cover Expansion

MONTREAL.—Nova Scotia Bond Corp., Johnston and Ward and Eastern Securities Co., are making a public offering at $100,000 of 5% first mortgage serial bonds, series "D," of Super Service Stations Ltd. The offering is made in 3 blocks. bonds maturing between 1942-1945 being offered at 100 and interest; 1945-51 at 99¼ and interest; and from 1952-61 at 96½ and interest.

Super Service Stations was incorporated about 8 years ago and now owns and operates a chain of service stations in Nova Scotia and New Brunswick.

Last year the company reported earnings of $109,296 available for bond interest, depreciation and income tax. Against this bond interest totalled $16,316.

Proceeds of the present issue of bonds will be used by the company for the acquisition and construction of new stations.

Britain's Income At Record High

Colin Clark, University lecturer in statistics at Cambridge, has recently prepared an analysis to show the national income of Great Britain reached a higher level in 1935 than in 1929, which was the highest of all years previously recorded. The increase over this pre-depression peak was a little more than one per cent.

These estimates show the net national income (private and government) of Great Britain in 1935 to be £4.4 billions, and net private income of £3.8 billions. These figures are net after making full allowances for the maintenance, depreciation and obsolescence of capital.

The higher of the 2 figures represents the value of all goods and services consumed or additions to capital during the year. Out of this total, £604 millions accrued to the government and local authorities in the form of customs duties, excise duties, local rates, etc., leaving £3.8 billions of private income.

Thus this study shows 25% of the national income absorbed by taxation, which, it is noted, "compares favorably with 30% of the national income taken by federal, state and local taxation in the United States and with nearly 40% of the national income taken by state and local taxation in France."

Pictou Power Bd. May Ask $250,000

Increased Power Capacity Required With Rise of Consumption

From Our Own Correspondent

HALIFAX.—Ratepayers of New Glasgow, N.S., have authorized the Pictou, N.S., County Power Board to float a $250,000 bond issue on the town's credit jointly with other towns served by the Board as the first step in the Board's expansion policy.

At a ratepayers' meeting, Commissioner R. B. Stewart stated that from an original 3.5 million kw.h. per year required in 1924, the estimates for 1936 amount to approximately 18 million kw.h. and the present power plant was not capable of handling this heavy demand.

Two Proposals

While no definite plans were completed at the meeting, it is learned that the Board is examining 2 proposals—(1) The installation of a modern steam plant of 2,000 kw. capacity at Stellarton, N.S.; (2) The purchase of new 60-cycle equipment either by the Board or Acadia.

Either alternative will require the borrowing of a sum not exceeding $250,000. The ratepayers of Trenton, N.S., adjoining New Glasgow and also served by the Board have also voted unanimously in favor of the bond issue.

Fairbanks-Morse Sales Running Ahead of 1935

From Our Own Correspondent

MONTREAL. — Canadian Fairbanks-Morse Co. sales for 1936 to date are reported to have shown an increase of between 20 and 25% over those recorded for the corresponding period of last year. At the same time collections have been of a satisfactory nature.

Volume of sales during 1935 showed an increase of approximately 12% compared with the preceding year, indicating a further substantial improvement in the ratio of increase thus far this year. As a smaller proportion of the company's business is now done with the individual farmer, the company will be less affected adversely by the drought than might have been the case some time ago.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
B. A. Oil	‡4%	1945	Sept. 1	102½
Continental Pap	6½%	1943	Aug. 1	102½
European Elec.	6½%	1965	Aug. 1	105
Dom. Canners	6%	1940	Oct. 1	110
Dom. T'lgraph	†5½%	1978	Aug. 2	100
Silverwood's A	6%	1942	Sept. 1	103
Mt. Royal T. & T.	5%	1970	Oct. 15	103
Toronto Carpet.	*6%	1944	Sept. 1	103
Steel of Can.	▴6%	1940	Aug. 1	...
Ontario Pwr.	*5%	1943	July 30	•110
Theffod-Vimy	7%	1944	Sept. 1	100

†$2,900 for sinking fund; ‡$222,000; *$33,000. ▴Tenders called for $412,585.
*Tenders called for $249,569.
•At not exceeding this price.

Religious Issues

Notre D. Hospital, Montreal, 5½%, Oct. 1, 102.
Jesuit Fathers of Upper Can., 5%, Nov. 1, 100.

Great Lakes May Postpone Bond Interest

Paper Firm Needs Cash to Pay Costs and to Operate

DIRECTORS' VIEWS

Although a final decision had not been reached early this week, The Financial Post is informed that there is a very strong probability that neither the April 1 nor October 1 coupons on new bonds of Great Lakes Paper Co. will be paid this year.

It is expected that the new securities should be ready for delivery some time in August, whereupon the April 1 coupon is payable immediately. If it is not paid, the company will be in default and will eventually have to meet the coupon.

Heavy Cash Payments

The reason that payment may not be made is that there is a strong feeling on the part of some members of the board that cash resources should be conserved to allow free operations without bank borrowings. The company has had to make substantial cash outlays in connection with the recent capital reorganization and issue of new securities so that the working capital of approximately $1 million has been insufficient in the opinion of these directors.

The new president, C. H. Carlisle, became president of Canada Bread Co. after that company got into difficulties, and if his policies in building up cash resources of the bread firm are also followed in the Great Lakes case it may mean deferment of this year's bond interest.

Other directors of Great Lakes Paper Co. appointed this year are E. G. Long, K.C., and R. G. Meech, K.C., both of Long & Daly, Toronto; A. D. Cobban, of Wood, Gundy & Co., Toronto; L. E. Aldrich and John W. McCurdy, Chicago, representing U.S. publishers who are the company's customers under contract; Harry Murphy, Fort William lumberman; Ray Lawson, London, vice-president of the London & Western Trusts Co.

Deal With Government

This week representatives of the company conferred with Ontario government officials over allocation of timber limits, cutting rights and stumpage charges. Re-allocation of timber limits was provided for by legislation enacted at the last session of the provincial legislature.

The question of limits and the government's charges for stumpage are vitally important for the company's successful operation. While decisions had not been reached as The Financial Post went to press, it is believed that the company is seeking a better operating arrangement with the government than it has had in the period of receivership which terminated with the recent reorganization. The deal with the government may determine whether the company is again to become one of the most successful industries at Fort William.

Debt Charges

It will be recalled that the capital reorganization calls for issue of $6 millions of new 5% first mortgage bonds to the holders of the former $10 millions of 6% bonds. In addition to $600 of new bonds for each $1,000 of the old issue, investors are to get 9 class A preferred shares and 8 common shares per $1,000 bond.

The view is now advanced that the ultimate value of the shares will depend to a large extent upon the conservation and careful management of resources in a period of rehabilitation.

Interest accrues on the new bonds from Oct. 1, 1935, and will require $300,000 in cash each year. It has been estimated that even with the present price of only $41 a ton for newsprint, the company can earn $300,000 with a margin to spare.

In view of the non-recurring expenses involved in the reorganization and litigation of the past year, however, even earnings of over $300,000 would leave working capital reduced if the bond interest were paid.

Bond Tenders

4 p.m., Aug. 12, Arvida—$160,000, 4% bonds redeemable serially Aug. 1, 1933 to 1961. R. L. Latraverse, sec.-treas.

8 p.m., Aug. 10, Joliette—$55,000, 3, 3½ and 4% bonds, redeemable serially to 1966. Camille Bonin, sec.-treas.

12 noon, July 31, Dominion of Canada Treasury Bills—$30,000,000, dated Aug. 1, 1936, and payable Nov. 2, 1936. Bank of Canada, Ottawa.

Foreign Exchange

No important developments occurred in the foreign exchange markets last week. The Canadian dollar strengthened slightly against most other currencies, sterling continued firm and the general tone was somewhat improved.

Firmness in sterling, which has been the feature of a dull market for some time, is attributed to a marked increase in circulation of the Bank of England and large gold purchases by the central bank. Observers believe the increase in note circulation is due chiefly to the expansion in British industry and to the demand from hoarders in continental European countries. Most of the gold, too, it is believed, is for hoarders with large international interests.

Although the French franc dipped slightly during the week, it is felt that the situation there is improving. While most observers are convinced that devaluation is still inevitable, few are of the opinion that it will eventualize within the next 2 or 3 months. Some believe that it will be political rather than financial and economic factors which will exercise the principal influence:

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	July 21	July 22	July 23	July 24	July 25	July 27
U. S. dollar, High	.5906	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16
Low	.5906	1.00 1/32	1.00 1/32	1.00 1/32	1.00	1.00	1.00
1935, High	.5906	1.00⅛	1.00⅛	1.00⅛	1.00⅛	1.00⅛	1.00⅛
Low	.5906	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16
U. K. pound	4.8665	5.02⅞	5.02¾	5.02	5.01¾	5.02 1/16	5.01¾
Argentina	.4246	.2748	.2745	.2743	.2753	.2770	.....
Australia	4.8665	4.0162	4.0138	4.0078	4.0072	4.0095	4.0060
Austria	.1407	.1894	.1893¼	.1892½	.1892	.1892	.1892
Belgium	.1392	.1692	.1690	.1689	.1688	.1687½	.1687
Brazil	.1963	.0580¼	.0585½	.0586½	.0585	.0588	.0580
Czechoslovakia	.0296	.0415¾	.0415¾	.0415	.0414¾	.0414¾	.0414¾
Denmark	.2680	.2246½	.2244½	.2242¾	.2241½	.2243	.2242
France	.0392	.0662⅞	.0662⅝	.0661⅝	.0661	.0661½	.0661½
Germany	.2382	.4036½	.4035	.4026¼	.4027	.4029	.4028
Greece	.013	.0094¾	.0094¾	.0094¾	.0094¾	.0094½	.0094½
Holland	.4020	.6813¼	.6809	.6797¼	.6798	.6805	.6799
Hungary	.1749	.1991¼	.1991¼	.1990⅝	.1990	.1990	.1990
India	.3650	.3829½	.3828½	.3824½	.3817	.3821	.3821
Italy	.0526	.0793	.....	.....	.0793	.0792	.0791
Japan	.4985	.2942	.2940	.2936	.2935	.2930	.2930
Jugoslavia	.1929	.0231¼	.0231¼	.0231	.0231	.0230½	.0230¼
New Zealand	4.8665	4.0567	4.0542	4.0482	4.0476	4.0499	4.0464
Norway	.2680	.2527½	.2526	.2524	.2523	.2524	.2523
Poland	.1122	.1900	.1900	.1897	.1897	.1896	.1897
South Africa	4.8665	5.0052	5.0021	4.9946	4.9940	4.9958	4.9924
Spain	.1929	.1374	.1373	.1370½	.1370	.1371	.1370
Sweden	.2680	.2594½	.2592	.2590	.2589	.2590	.2589
Switzerland	.1930	.3277	.3274½	.3271½	.3270½	.3273	.3272
Hong Kong	.5422	.3242	.3227	.3171	.3160	.3170	.3170

Municipal Finances

Amherst, N.S., reports an increase of $9,000 in tax collections for the first half of this year.

* * *

Glace Bay, N.S., tax collections for the first 6 months were $222,619, slightly lower than for the 1935 period. Debt increased $40,955 from Dec. 31, 1935, to June 30, 1936.

* * *

Halifax tax collections to June totalled $1,313,674 compared with $1,324,111 in the 1935 period.

* * *

Kentville, N.S., to June showed total receipts of $7,909, an increase of $1,400 over the same month last year. Of the 1936 tax levy, $4,915 was collected, an increase of $1,000 over June last year. Total amount tax levy collected is 52.95%. There was a decrease of $540 in expenditures. In June $12,000 of debentures were retired.

* * *

London had 2,734 fewer on relief in June than last year, but net relief costs were $13,484 against $11,302 in the 1935 month.

* * *

Mount Royal town sinking funds are consolidated by the Montreal Metropolitan Commission. Debt of $2,054,184 at Jan. 1, 1936, can now be increased only by by-law. Annual contribution of the town to the sinking fund is a minimum of $10,000 and at least equal to the sinking fund's share of local improvement tax collections. Surplus earnings over 3½% are to go into a special sinking fund surplus.

* * *

Ottawa spent $401,849 as its share of relief costs in the first 6 months this year compared with $354,838 in the 1933 period, part of the increase being due to reduction in provincial and Dominion grants.

* * *

Sydney, N.S., has had $200,000 of bonds removed from hypothecation as security for bank loans because of substantial reductions in the overdraft.

* * *

Scarborough Township, Ont., has another $125,000 to make up for this year's relief costs and an additional tax levy would be a heavy burden on farmer residents, according to Reeve B. J. Wheeler. Only part of the township is urban.

* * *

Stratford, Ont. — Collections of current levy taxes to July 15 were $491,761 compared with $471,036 in the 1935 period and $438,028 in 1934. Arrears collections compare: $91,679, $104,486 and $91,618. Relief costs are declining.

* * *

Toronto—First installment tax collections were $18,791,000 or 54.53% of the year's levy, compared with 52.34% collection last year. Collections were $4 millions in excess of first installments due largely to prepayments. Total arrears for last year and earlier were $6,265,000 at June 20, compared with $6,799,000 on the 1935 date. Relief costs are down, but the reduction in Toronto's portion is said to be $300,000 less than it would otherwise be, due to cut in Ontario's contribution.

* * *

Windsor spent $1,817,623 or $224,432 more than estimates for the first half of this year. Largest over-expenditures were: $88,376 on tax discounts; $86,823 in education; $69,754 for relief. Discount and education outlays naturally dwindle in the second half year, but high relief costs and the proposed cut in Ontario's contributions have led to an order from the Finance Commission to make a special levy of 5.4 mills for welfare. The council has instructed the city solicitor to test the validity of the order. Of the regular levy of 40 mills, 4.325 mills was for relief, so that the additional levy would mean over 20% of the combined levies would be for relief purposes.

* * *

York Township, Ont., either has to raise $160,000 from some unknown source or impose a special relief levy of 5.3 mills ordered by the Ontario government. Reeve Marsh Magwood has suggested economies might make it possible to avoid the levy.

Port Royal Pulp Log Drive Increased

From Our Own Correspondent

MONTREAL.—Saint John River drive of the Port Royal Pulp and Paper Co. will bring down 38,000 cords of pulpwood to the company's plant at Union Point. According to J. C. Maxwell, woods manager of the company, the drive this year is about 3 times as large as a year ago.

Plans for the 1936 season provide for a drive of about 40,000 cords on the Saint John River between Hartland and Saint John. The wood will be taken mostly from the Nashwaak, Nashwaaksis and Mackawick Rivers. None will be taken from above Hartland.

Muskrats to Finland

Finland is the latest buyer of Norfolk County, Ontario, muskrats, having recently purchased 100 of the animals from the farms at Turkey Point.

GOVERNMENT, MUNICIPAL AND CORPORATION BONDS
•
WE MAINTAIN UP TO DATE STATISTICS ON ALL CANADIAN SECURITIES AND WE ARE ALWAYS GLAD TO ANSWER ENQUIRIES OR TO PREPARE AN ANALYSIS ON YOUR INVESTMENTS
•
BELL, GOUINLOCK & CO.
LIMITED
MONTREAL 25 KING STREET WEST WINNIPEG
TORONTO, CANADA
TELEPHONE: ELGIN 2236

CANADA BREAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT 30th JUNE, 1936

ASSETS

Cash on Hand and in Banks		$ 293,367.54	
Accounts Receivable	$195,375.53		
Less: Reserve for Doubtful Accounts	45,000.00		
		150,375.53	
Inventories of Ingredients, Finished Products and Supplies, as determined and certified by the management, valued at the lower of cost or market		118,107.11	$ 561,850.18
Bond Redemption Fund—			
Cash in Bank		$ 52,742.32	
Bonds Guaranteed by the Dominion of Canada at cost (Market Value $9,950.00)		9,841.64	
			62,583.96
Mortgages Receivable			20,749.80
Buildings and Equipment—at cost		$4,740,634.23	
Less: Reserve for Depreciation		2,546,932.54	
		$2,193,701.69	
Land—at cost less amounts written off		391,330.08	
			2,585,031.77
Prepaid Insurance, Taxes and Other Charges		$ 73,222.88	
Deferred Moving Expenses		8,069.21	
			81,292.09
Goodwill (less amounts written off)			500,000.00
			$3,811,507.80

LIABILITIES

Accounts Payable, Wages and other Accrued Charges	$ 214,457.69	
Taxes Due and Accrued	40,512.76	
Bond Interest Accrued	22,782.50	
Dividend on First Preference Shares—Payable 1st July, 1936	21,875.00	
		$ 299,627.95
Deposits by Salesmen	$ 67,625.42	
Less: Cash and Government Bonds held in Trust	67,625.42	
First Mortgage 6% Sinking Fund Gold Bonds, due 1941, Outstanding	$ 958,700.00	
Less: Bonds held for redemption	47,400.00	
		911,300.00
Capital:		
Authorized and Issued—		
12,500 Cumulative Redeemable First Preference Shares of $100 each, redeemable at $110 per share, entitled to cumulative dividends at 5% per annum to 1st July, 1941, and 6% per annum thereafter	$1,250,000.00	
25,000 5% Cumulative Participating Redeemable Class "B" Preference Shares of $50 each, redeemable at $100 per share. (Note: Dividends in arrears from 1st July, 1935)	1,250,000.00	
200,000 Common Shares of no par value	25,000.00	
	$2,525,000.00	
Earned Surplus—as per statement attached	75,579.85	
		2,600,579.85
		$3,811,507.80

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 30th June, 1936

Profit on operations before charging bond interest, depreciation and income and corporation taxes	$ 456,290.41	
Interest earned on investments and bank deposits	4,300.87	
		$ 460,591.28
Deduct:		
Bond Interest	$ 57,567.50	
Provision for depreciation of buildings and equipment	197,705.40	
Premium paid on purchase of bonds for sinking fund	2,425.00	
		257,697.90
Net Consolidated Profit for the year before charging Income and Corporation Taxes		$ 202,893.38
Deduct:		
Provision for Income and Corporation Taxes		39,415.16
Balance, transferred to Surplus Account		$ 163,478.22

CONSOLIDATED SURPLUS ACCOUNT

For the Year Ended 30th June, 1936

Balance at 30th June, 1935		$1,615,190.27
Less: Write-offs approved by the Board of Directors on 27th July, 1935, and reported to the shareholders at the special meeting of 27th August, 1935:—		
Amount added in 1925 to the book value of property accounts as a result of an appraisal in 1923	$ 930,578.46	
Reduction in Goodwill from $2,354,865.02 to $500,000	1,854,865.02	
	$2,785,443.48	
Less: Amount provided by reduction in par value of Class B Preference Share Capital as authorized by the shareholders on 27th August, 1935, and confirmed by Supplementary Letters Patent dated 28th October, 1935	1,250,000.00	
		1,535,443.48
		$ 79,746.79
Add: Net consolidated profit for the year ended 30th June, 1936, after charging provision for Income and Corporation Taxes		163,478.22
		$ 243,225.01
Less: Appropriation for revaluation of vacant properties	$ 100,000.00	
Dividends on First Preference Shares (5%)	62,500.00	
Balance of Capital Reorganization Expenses	5,145.16	
		167,645.16
Balance, Consolidated Surplus Account as at 30th June, 1936		$ 75,579.85

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of Any Canadian Financial Paper

Editor—FLOYD S. CHALMERS
Business Manager—D. M. GOWDY

THE FINANCIAL POST BUSINESS YEAR BOOK, YEARLY, $2.
THE FINANCIAL POST SURVEY OF CORPORATE SECURITIES, YEARLY, $2.
THE FINANCIAL POST SURVEY OF MINES, YEARLY, $2.
THE FINANCIAL POST RECORD OF PROSPECTUSES, HALF YEARLY, $7 per volume.
THE FINANCIAL POST CORPORATION SERVICE, $20 monthly. Special prices for individually selected investor's service.
DIRECTORY OF CANADIAN DIRECTORS AND OFFICIALS, YEARLY, $10.

Published by
THE MACLEAN PUBLISHING CO., LIMITED
481 University Ave., Toronto 2.
Founder and Chairman — JOHN BAYNE MACLEAN
President — HORACE T. HUNTER
Vice-President and General Manager—
H. VICTOR TYRRELL

ADVERTISING RATES
Single insertion—$3.64 per inch.
Debenture and Dividend Notices—26c. per agate line.
Contract rates upon request.

SUBSCRIPTION PRICE
Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.
GREAT BRITAIN, London, Resident representative: J. K. Ross-Duggan, Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

TORONTO, AUGUST 1, 1936

Picking on Business

THE government at Ottawa, in power only a few months, is in danger of getting itself in the position of working definitely at cross-purposes with those whose co-operation it seeks in solving the continuing problem of unemployment.

More than one member of the cabinet has made it clear that it is the opinion of this government that public money cannot provide jobs for all those not now at work. Rather, the desire is to provide those conditions which will encourage the expansion of private industry, business construction and increased trade, so that the natural forces of economic progress may be marshalled to provide work for the workless. It is in such a spirit that the new National Commission on Employment has set to in its task. It is in such a spirit that the minister of finance has endeavored to move towards a balanced budget, even though it has meant self-sacrifice by the Canadians in the form of greatly increased taxation.

A great deal of the confidence thus engendered and the co-operation thus won may be jeopardized by unfriendly political persecution of business by the government. The textile industry is under investigation. The wheat trade is under investigation. The packing industry is under investigation. Farm implement manufacturers are being probed for the Nth time. A vast amount of data already exists on each and every one of these industries—enough to enable the government to determine any line of policy it requires regarding any of them. Each of the investigations seems to have something of the punitive in it.

Ottawa ought to plan its course a little more carefully and determine with a larger degree of accuracy whither it is going and what it wants to achieve. If it is the intention of the government to work with business, to create jobs and pull Canada out of the depression, then it should not enter upon probes and investigations simply to embarrass businessmen, to punish them for supposed political sins or to attract publicity to the government and the party.

If, on the other hand, the government is desirous of pursuing the Roosevelt tactic of putting all business under a cloud of public suspicion, of keeping industry on the defensive and commerce in the dock, then it has no right to expect any co-operation at all from business in the solution of unemployment problems, and it need look for no confidence at all in the business world.

Again Australia Points Way

AUSTRALIA is showing the way to Canada in wiping out public deficits. It is doing the same thing with its railways.

All but 837 miles of the 27,966 miles of railway in Australia are owned by the seven governments.

Operations for 1934-35, to which the latest official figures apply, were the best for ten years. After interest charges of $52 millions, on total capitalization of $1,320 millions were met, the net loss on all government railways in 1934-35 was only $6 millions, or less than half that of previous year. Deficits have shown a progressive reduction since 1930-31, when aggregate losses reached $37.5 millions.

The change has been effected despite reductions in freight rates to assist producers, while internal economies reinforced interest-relief accruing from large-scale public debt conversions, according to the Melbourne correspondent of the Wall Street Journal. Energetic measures also were taken to improve services and operative efficiency to meet the increasing challenge of highway-competition.

In some degree, the recovery process has been aided by regulation and co-ordination of rail and road transport, the latter having spread and multiplied in wasteful ways.

A drastic overhaul reduced or eliminated many non-paying rail services. Modern devices such as air-conditioning and improved rolling-stock make for greater comfort and there has been an acceleration on interstate journeys. The general improvement of business has enabled the railways to meet a greater share of loan ability, thus reducing the charges on the general community.

How Wise is the State?

IN THE unceasing conflict between Individualism and Paternalism, the tide has favored the State since the crash of 1929. There is no doubt some justice in considering the rise of the politicians as a reaction against the admitted defects of private capitalism, a reaction that has gone so far as to almost wholly destroy individual initiative—except of course the initiative of the people's rulers—in the more advanced dictatorships.

Everyone now looks to his government for assistance in meeting his everyday problems, whether of a personal or a business nature. But when one looks to the government, who is it that responds? It is no divinely inspired body but merely the politicians plus the civil service—just average men, neither villains nor angels, neither dunces nor geniuses. The character of the Paternalism that serves us can be no better and no worse than the ability of those in public life.

It is curious that the average man is suspicious of his political leaders and is ready to believe the worst of them. Likewise he associates his civil service with inefficiency and red tape. Yet every day he imposes new duties upon them as though he thought men in the public service were a cut above himself in ability and divine inspiration.

The increasing demands upon government outrun the improvement in the average calibre of the men engaged in governmental life. That is where the rub comes and where the reaction to Paternalism is bound to develop. Our back-breaking public debts, our colossal failures in railway and hydro power operation, our inept dabbling in crazy money notions are all evidence that government is far from infallible. In fact, government does not yet attract a majority of the nation's best minds. If and when it does, Paternalism will be more acceptable.

The omnipotent State will need omniscient people to run it. And such do not exist, even in private business and private professions. Emphasis on individual effort has, up to now, produced the finest leaders and the best contributors to the common good. That cannot be changed overnight.

The politician could say, "The State; it is I." But if he were to say that publicly, people would look at him and they would have less reverence for the State as manager of their lives than they now have.

Job-maker Purvis

A DOLLAR-A-YEAR man in the service of the public of Canada is Arthur B. Purvis, chairman of the National Employment Commission. Extensive as are his responsibilities in private business, Mr. Purvis has put them in a secondary place to devote the major part of his time and attention to the dual task of advising on Canada's relief administration and coordinating the national effort to create employment. Mr. Purvis is well supported by 6 other commissioners but it is to the chairman of such bodies that the public looks for policies and results.

This week The Financial Post tells something of the background and career of Mr. Purvis. The public has a right to know about men and women in key positions so that it can size up their qualifications for the responsibilities they assume. The Financial Post aims to write personality sketches wherever possible; to find out the facts about public men and tell them. From a wide variety of sources it has gathered the material for this article.

The story is one to inspire confidence in Job-maker Purvis. His is a record of business success on four continents; of 32 years of business experience crowded into a life of 46 years; of British, American and foreign training now put to the service of the people of Canada.

Sauce for Industrial Ganders

DURING a visit to one of the mining areas of Ontario, Premier Hepburn gave assurance that mining taxes would not be increased.

According to reports, he said that in order that mining men might have "no hesitation about going ahead with their developments," there would not be any higher taxes on mining while his government was in power.

During the last session of Parliament various members of the government made clear their view that they were desirous not of increasing the burden of taxation on mining but of lifting it, so that there would be no halt to the present mining boom in Canada.

But surely what is sauce for the goose is sauce for the gander. If the threat of increased taxation is a factor likely to cause the mining industry to hesitate in its forward advance, the same thing must apply with equal force to every other productive industry in Canada.

Our governmental chieftains do not hesitate to promise the mining industry immunity from higher taxation but they lend willing ears to proposals that every other type of industry should be severely levied upon.

Curiously enough, the demand for lighter taxation on the mines comes from a multitude of people from coast to coast. A good many of these people are of the type who ordinarily cry "soak the rich" or "share the wealth by taxation."

The mining industry has been a generous benefactor of the Canadian people. But so have other industries; so have farmers, merchants, home owners and individuals engaged in the professions or the services. Why should governments assume that heavy taxation on them will speed progress while heavy taxation on the mines will hold it back?

The truth of the matter is that excessive taxation on the mines would greatly restrict production and create much wider unemployment in the country. Every encouragement given to the mines helps to speed prosperity.

And the further truth is that lessened taxation on every other form of production would do exactly the same thing.

Governments seem to have learned, in the case of the mines, that heavy taxation, resulting from excessively costly government, is a barrier to the creation of wealth. Let us hope that this is but a prelude to their realization of the same fact as regards other industries and lines of business.

Editorials in Brief

Castles in Spain may have been damaged, but there will still be plenty in the stock market.

* * *

Moscow, it is reported, has a shortage of food, shoes, stockings and cloth. The news was not sent out by the official propaganda bureau.

* * *

Most novel statistic of the week is supplied by Lord Horder, who points out that in Britain 30,000 tons of human remains have to be disposed of every year.

* * *

S. A. G. Barnes is the first Social Credit member of the Alberta legislature to be suspended from the party. He may be just giving the lead to further breaches in the ranks.

* * *

Montagu Norman attracted less attention by being interviewed and photographed on his trip to New York than he did when he came incognito and "concealed" himself like a movie spy.

* * *

If the ex-Kaiser comes to King Edward's coronation, as is forecast, he'd better stay away from Lloyd George. That gentleman may try to carry out the promise of the post-war election to "hang the Kaiser."

* * *

Newfoundlanders will be interested in an item by Robert L. (Believe It or Not) Ripley to the effect: "S.S. Neptune, Newfoundland sealer, brought in 1,045,210 seals—one trip." Going back into records of nearly 100 years ago, the biggest sealing season on record shows less than 700,000 seals for the whole Newfoundland fleet. Believe it or not; we don't.

Post-Scripts

MOST people know that the best kinds of hair brushes, also shaving and tooth brushes, and certain types of painting brushes, are made from bristles, says the Hardware Trade Journal of London, England. Bristles are the hair of the hog, pig or boar, not the domestic pig as is known in this country, but the semi-wild pig found in Siberia, where the finest white bristles come from.

In the past there was a steady supply of white Russian bristles, but today the semi-wild pig or boar is almost extinct. The Russians fed the pigs very little, leaving them to find their own food. Naturally, this meant the animals would keep fairly lean, and after about 4 years they grew a beautiful crop of bristles, long and of a texture suitable for brush making. Today the Russian keeps the pigs for only a few months or so, in other words, he is copying the methods of his western neighbors, and consequently few bristles suitable for brushes are forthcoming.

It is true that in India and China the pigs are more or less wild, but unfortunately the animals in these countries, due to warmer climates, do not grow such long bristles as the wild pig or boar of Siberia. With the supply naturally dwindling, prices of these raw materials have risen, necessitating increased prices of brushes and brooms made from these kinds of bristles."

Sayings of the Week

"There is no future on the relief rolls."—*Governor Alfred Landon.*

* * *

"You must get off the field to get the right perspective."—*Charles M. Schwab.*

* * *

"Farming has not had an even break in our economic system."—*President Roosevelt.*

* * *

"When necessary, keep the cat in the bag—even if it raises kittens."—*John N. Garner.*

* * *

"The real period of sufficient production and adequate distribution is ahead of us."—*Henry Ford.*

* * *

"The ethics of the roulette wheel can never be successfully applied to business."—*Harry Elmer Barnes.*

* * *

"It is not success which creates morale, but morale which creates success." — *Dr. Karl T. Compton.*

* * *

"America is kidding herself about Europe's being too poor to start another war."—*Eugene S. Duffield.*

* * *

"Going West, to a Canadian, is like going after the Holy Grail to a knight of King Arthur."—*Stephen Leacock.*

* * *

"Even in time of stress wage cuts should be the last resource even of the hardest pressed employer."—*Edward A. Filene.*

* * *

"The education which is necessary in aviation must also teach the value of civilized institutions."—*Col. Charles Lindbergh.*

* * *

"When we went in for machinery on a large scale, we went in for a world which said to us 'Plan or perish'."—*Norman Thomas.*

* * *

"Don't strive for riches. I have worked hard all my life and have accomplished much—but it means nothing."—*Charles M. Schwab.*

* * *

"I think and think, for months, for years. Ninety-nine times the conclusion is false. The hundredth time I am right."—*Albert Einstein.*

* * *

"The custody of the new Dionne heir is not in dispute, we are pleased to say. It is generally understood that any under 5 the parents can keep."—*Barron's.*

* * *

"Active officials of (trade) unions who also occupy public offices are dangerous not only to the government but to the unions themselves."—*Raymond Moley.*

* * *

"The ordinary taxpayer must be shown how increased taxation eats into his income to the same proportion as that of the wealthy man."—*Hon. Frank Carrel.*

* * *

"We should not get excited about current affairs. Bad laws, foolish customs and crime can only delay progress. Righteousness always wins in the end."—*Roger Babson.*

* * *

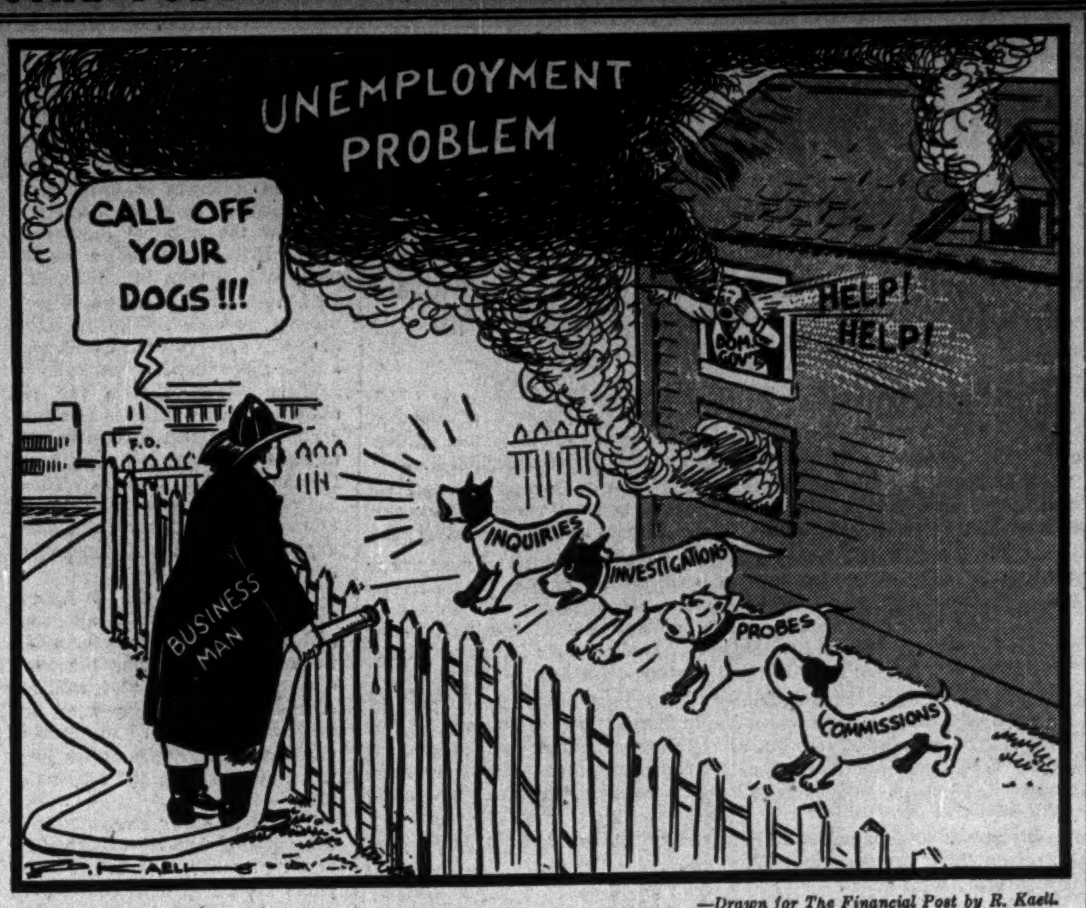
"Each generation has a different problem. If the rules are not changed fast enough and in the right direction, the game eventually breaks up in a riot."—*Henry A. Wallace.*

* * *

"The development of Quebec's iron ore fields would mark the advent of another great world steel industry and make Quebec the Pittsburgh of America."—*Hon. Frank Carrel.*

* * *

"What is the use of living longer if we are not happy, with economic conditions what they are and the infernal noise of cities, and with machinery we have created running away with us?"—*Lord Horder.*



—Drawn for The Financial Post by R. Kaell.

B. B. C. as Publisher

Among the powers granted the new Canadian Broadcasting Corporation is authority to publish papers and periodicals. The article briefed below tells how the British Broadcasting Corporation has utilized similar powers.

By J. LENG STURROCK
in The London Mercury

During its comparatively short life the Corporation has become one of the most flourishing publishing concerns in the country. It is not surprising that newspapers and periodical publishers, who have skilfully built up business in sales and in advertising, look with some unease on the easy achievement of a state monopoly, which, by the simple expedient of copyrighting what are actually public programmes, and printing "copy" bought for the microphone, fill many pages every week of editorial matter.

Radio Listeners Pay

The great army of wireless license payers may well be surprised to learn that the publications for which they pay are in large measure promoted out of their own pockets. The bigger publishers, too, who are presumably license payers, as well as heavy tax payers, are equally astonished that some portion of the dues exacted from them is being used in competition against them. For the Corporation is zealous in its policy. The growing sales created by wireless permit canvassers to secure advertising business for the broadcasting publications on highly lucrative terms. State enterprise forms in this instance a formidable rival to many firms, and unless a check is now imposed this rivalry will be accentuated in the years ahead.

In books, periodicals, and other types of popular reading, Broadcasting House is already a well-established factor.

National Monopoly

Unfortunately, for its own efficiency, the Corporation seems to have generated unlimited ambitions. The director and his principals clearly aim at controlling major interests in music, literature of all kinds, talks, comedy, and in all the varied etceteras which form an average week's programme. Few of those who earn a livelihood in the creative world care to quarrel with a national monopoly which, drawing upon the public pocket, can afford to pay well. And since the demand will more and more be for "all rights" in the material it desires — first for wireless service, then for subsequent reproduction in one or other of its publications, the field of the outside publisher is likely to grow barren.

There is more than a touch of the Pharisaic in the claim made for the Corporation that it does not engage in the offensive business of pressing upon listeners the merits of soap, of cosmetics, or of laxatives. How many days or evenings pass without a cultured voice adjuring us not to miss "this week's Radio Times," or other of the chosen issues, because they contain some material which caused "great interest in our day's programme." Even in advertising, monopoly is written large in the Corporation's policy. Thus are sales built up in the twinkling of an eye, or, rather in the parting of an announcer's lips. Not content with its weekly fare, octopus has entered the world of books. There again it enjoys every advantage over publishers who of necessity must pay for space in order to advertise their wares. And, after all, the book-buying world is not unlimited, and every book sold by the Corporation may mean that another book fades out.

Burrowing Bureaucracy

There is no parallel to such a monopoly, save perhaps the Post Office which discharges a work in which private competition could not enter. And let me interpolate that it is only a few years ago that the Post Office quietly tried to institute a scheme of stamping advertisements on letters entrusted to it for transmission. That plan was scotched amid general approval. Bureaucracy is forever burrowing its way into fields in which it is clearly a trespasser.

Taxpaying owners of motor cars, who found in this year's budget that much of the revenue they contribute in the shape of license payments for their vehicles is now to be appropriated by the Chancellor to help balance his accounts, may well be astonished at the bland manner in which our broadcasters use their revenues at their own discretion to finance business in music, concerts, books, or whatever it may be, without a word said by the treasury. Broadcasting House is a vast establishment with many departments, and many lucrative posts, but it contains potentialities of more and more employment as new ideas emerge. How a Northcliffe would have envied such unique opportunities.

Propaganda at Work

But, whither away? If I were either a practical or a theoretical Socialist I should eagerly press for more power to the Corporation's elbow. For surely it is of the essence of strategy in preparing the ground for further nationalization first to create an efficient propaganda machine which shall water the soil. Only the other day in Germany, Herr Goebbels jeeringly demanded of the anti-Nazis what purpose they could achieve at the impending election by opposing the Hitler regime, since it controlled army, navy, and the wireless? The Hitlers and Mussolinis of Europe rapidly seized the crucial importance of manipulating opinion. One day we may realize that Broadcasting House is the focus centre of all interest, for not only can it operate the air but, in the language of Mr. Ramsay MacDonald, it is going "on and on and on, and up and up and up," in creating a strong machine in the printed world. If I were a Labor leader, with roseate visions of a Prime Ministership in the offing, I should dream happily of the day when I would become a dictator of opinion through the great weapon of propaganda prepared for me in advance by my "Capitalistic" opponents.

There may be those who do not account themselves nationalizers who are not wholly averse to the novel plan of a fully-staffed state enterprise in control of opinion. There was the emergency of the General Strike, when Mr. Winston Churchill, with characteristic color, dramatically appeared as director of The British Gazette: might we not again find ourselves in similar straits, say some hesitant voices, and realize the usefulness of a bureaucratic engine? The argument, however, cuts both ways, for it can operate either in favor of Constitutionalism or Socialism. But be all this as it may, let us, through parliament, face a great issue in an open way. We are drifting myopically into dangerous courses.

Lust for Power

The Corporation is definitely charged with the business of broadcasting and of developing television. It is travelling far beyond its proper sphere in invading the fields of publishing, music, the control of the Relay System, and so on. There are other interests who may suddenly awake to find that they are to be engulfed by our ambitious gladiators. The ministries of war-time gave us one example after another of the lust for power which seizes those who are bureaucratically entrenched: let us be warned in time.

Can Railways Come Back?

By SAMUEL D. DUNN
Editor of Railway Age in an address in Iowa

In the decade 1926-1936 have occurred some enormous and disastrous changes, and some that are a harbinger of a greater future for the railroads. Their passenger traffic this year will be not only about 40% less and their freight business about 30% less than in 1926, but will be much smaller than even 20 years ago. In consequence, whereas they had about 1,650,000 employees in 1916, they now have only about 1,060,000. During this period, however, the average annual compensation of their employees has increased from $892 to $1,693, and they have begun making extraordinary improvements in their equipment and service.

We frequently hear it asked if the railways can "come back."

The railways are "coming back" already. They have suffered and are still suffering from unregulated and subsidized competition. The principal reason, however, of the great decline in their business has been the same as that of the decline in all business—the depression. The railways are increasing their traffic and earnings as recovery occurs in the industries from which they derive their traffic, and they will continue to do so.

In a great effort to begin rehabilitation of their properties they increased their purchases of equipment and materials 60% in the first one-half of 1936, and also substantially increased the number of their employees. They have installed more new kinds of equipment, and increased the speed of their freight and passenger trains and otherwise improved their service more, within recent years, in the teeth of the worst earnings in history, than before in any period.

We are witnessing an extraordinary renaissance in railroad transportation. There is a spirit of initiative, co-operation and determination among railway managements and employees that is unequalled in any other industry, and this has aroused a friendly public interest in the railroads greater than has existed since their early construction. Given a general revival of business and the increase of railway traffic which this will make possible, and you will see our railways increase their earning capacity and expenditures and improve their service to an extent that will amaze most persons and confound those who think that they cannot "come back."

Lower Taxes Lift City Debt!

LADYSMITH, B.C. — Mortgaging the future, as has been the practice of this and nearly every other community, is an expensive undertaking and one which it is to be hoped may be avoided in the future, says Mayor W. W. Walkem of Ladysmith, Vancouver Island, in reporting that the final city debentures have been redeemed and urging that a capital account be established to save future generations from being unnecessarily burdened.

Today the city of Ladysmith despite long depression in the coal industry, which was originally the community's chief source of wealth, is virtually free of debenture debts.

"Today we are in the position—probably unique in British Columbia—of being able to say that we are devoid of this class of debt, and with it we have the satisfaction of knowing that every cent of interest and principal has been acknowledged and paid."

"It might seem anomalous to argue that a reduction in taxes would enable us to meet our obligations more successfully—but such has been the case."

As Others See Us

Interesting Summary of Opinion

St. Catharines Standard

The Financial Post has issued in brochure form the opinions of leading Canadians which it published during 4 earlier months of the current year. The subject of all the comment secured from many of the ablest men in many walks of life was "Canada and the Next Five Years."*

Debt taxation and cost of government are the bugbears of Canadian prospects at the present time. That summarizes the opinion, although some of the contributors, like Stephen Leacock, departed from the orthodox in expressing their views. It is also put forth that private industry in Canada conducts itself far more efficiently than government enterprise, a fact long known but not admitted generally. There is no royal easy road for Canada to get out and solve her problems; it cannot be done by legislative act. This country has to dig in and produce. And that is common sense. The railway problem in the opinions published was overlooked by few of the contributors.

The summarized opinion of Canadian businessmen shows clearly that debt, taxation and cost of government are all related as Problem 1 in Canadian affairs and prospects. Naturally, too, the railway condition belongs to this trinity.

---

*This brochure is available from The Financial Post at 50 cents a copy.

Worst Evils Not Monetary

Quebec Chronicle-Telegraph

The Financial Post of Toronto has been publishing a series of most instructive articles on "Your Money" by the world-famed writer and economist, Sir Norman Angell, in which some truths concerning money and credit have been made plain for the man in the street. These articles must have been read to be fully appreciated but in the final installment some conclusions are offered that are worthy of note.

Particularly striking, coming as it does from an economist, is the declaration, "It is certain that the cure for our worst and most characteristic economic troubles cannot be purely monetary, as there enter into the problem important factors that are not monetary at all; political instability, human psychology expressing itself in such things as a nationalism that cares nothing or little about material welfare, and is determined to indulge its passions be the material cost what it may; undue optimism of producers and entrepreneurs resulting in overproduction of specific products, from wheat to silk stockings; dislocations caused by invention (water-power and the internal-combustion engine replacing coal), and labor-saving machinery often rendering ancient crafts obsolete; rapid changes of fashion, and a multitude of other forces which the monetary factor hardly affects."

Sir Norman goes on to argue that while monetary reform of itself cannot cure some of the worst of our economic evils, bad monetary policies can sometimes cause them. An example cited is that of over-expansion of credit that in certain circumstances may start a boom and later ends in a slump. But hope is held out, however, in the parting declaration that "to know that certain rules of economic health must be observed will help us to avoid economic pestilence." And so it remains for us to familiarize ourselves with these rules and the manner in which they are to be observed.

Morale and Employment

Brockville Recorder-Times

The Financial Post thinks—and with a good deal of warrant—that the most important task facing the National Unemployment Commission which was recently appointed is to effect a restoration of the morale of those workers who have suffered from prolonged unemployment.

It is far from the truth to state that those who remain upon the relief rolls have no desire to accept work even when it is offered to them. But it can scarcely be denied that in numerous cases, relief recipients have found their lot to be so agreeable under such a scheme of subsistence that they are not too anxious to place themselves in a position of independence and become self-supporting through securing employment. All possible encouragement should be given relief recipients to seek and accept work. Only in this way will there be any pronounced decline in the huge bill which piles up from month to month for the payment of relief charges.

World Trade and World Recovery

London Times

No informed person can fail to realize that much of the political tension in Europe today is due to economic causes, and more specifically to the breakdown of international lending. During the past 2 years many countries, including our own, have regained a measure of economic prosperity, but in nearly every case the recovery has been largely confined to domestic trade. Progress in the international field is still slow, and is likely to remain so as long as the existing barriers of high tariffs, restrictive quotas, blocked currencies and exchange uncertainties are present to impede it.

One of the difficulties, as well as one of the paradoxes, of the situation is that in most cases these barriers were thrown up to prevent economic and financial disintegration at home and in many they are still needed for that purpose. Consequently there can be little hope of securing their reduction quickly, and so obtaining a substantial recovery of international commerce, except by international agreements of such a character as will protect the domestic stability of the various nations.

It is therefore the task and responsibility of those who believe that world prosperity and world appeasement can only be secured by a real recovery of world trade to consider and suggest the possible terms of such agreements. For a theoretical diagnosis is of little value unless it is accompanied by a practical prescription which will if followed produce a cure.

First Hurdle . . . .

Spencer Leeson, headmaster of Winchester College, presenting the prizes at St. Margaret's School, Bushey, gave a word of warning to recipients of school certificates.

He said that the temptation came to those who had got certificates to think they were the masters or mistresses of that subject, and that no more need be done about it. Actually it was not the end, but only the first hurdle in the race. There was a danger that a certificate was the last word of a boy or girl when applying for a position.

"Do not frame the certificate and put it in your room," he said, "but have it by your side until you have got a job, then go quickly into a corner of the room and burn it."

Other People's Views . . . .

Our Greedy Governments

London Times

Remarkable figures showing how heavy is the tax burden carried by the oil industry were given by Lord Bearsted in an exceptionally interesting speech at a recent meeting of the Shell Transport and Trading Company. Much of this burden has been imposed in quite recent years.

Britain is not the only country which seeks to extract large sums from the industry. The Shell-Royal Dutch group, said Lord Bearsted, paid to various governments throughout the world in the form of special taxation and income tax £66,800,000 in 1935, whereas the shareholders received only £12,000,000 in dividends, a large proportion of which was also subject to income tax and surtax, or both. The gross figure paid in taxation by all the companies in which the group is interested—and not the group companies alone—was £89,000,000, a figure which is exclusive of income tax.

Stop Me If You've Heard This One . .

Mrs. Hull—I admire Dr. Rexwell immensely. He is so persevering in the face of difficulties that he always reminds me of Patience sitting on a monument.

Mr. Hull—Yes, but what I am becoming rather alarmed about is the number of monuments sitting on his patients.

Week in Business

Summer Trade Good For Most Industries

But Autumn Prospects Dimmed by Drought — Labor Troubles in Review — Heavy Industries Maintain Demand

With the holiday season nicely under way business activity in Canada is following a diverse pattern. Favorable high spots include a tourist influx of excellent proportions which at many points is setting up new high marks. Thus New Brunswick says tourist trade to date is better than during the entire season 1935, while Vancouver's mayor claims the extra centennial trade has been worth $20 millions to local merchants.

Unfavorable features include the drought damage which is estimated to have cost Ontario $28 millions in agricultural revenue and which has already caused the cancellation of millions of dollars worth of business in farm machinery and supplies for western and other farmers who will now have to wait at least another year to make their long overdue replacements.

• • •

Durable Goods Demand

Demand for durable goods continues to gain momentum. The railway contribution is emphasized by the appearance of the new streamlined C. P. R. engines this week, while from Northern Ontario and Quebec the mining industry continues to pour a steady stream of new business into the lap of machinery and supply houses. Leading firms report substantial improvement in sales for 1936.

Basically this improvement appears to be unevenly divided as far as Canadian steel plants are concerned. At Sydney plants are reported very active with plenty of business ahead to keep some 3,400 men at work. At the Sault, business is reported quiet as Algoma Steel awaits the findings of the Ottawa conciliation board appointed this week to mediate labor troubles involving 1,800 men.

• • •

Few Labor Troubles

So far this year Canada has been relatively free from serious labor disturbance. Latest figures published in the Labor Gazette showed only 2,000 employees involved in 14 disputes compared with almost three times that number a year ago. The situation is currently most active on the Pacific Coast where a strike for higher fish prices is said to affect some 2,500 fishermen and 1,000 cannery workers. Among B. C.'s restless longshoremen, however, a 5-year agreement has been reached which it is hoped will avert trouble for many seasons.

• • •

Counting Heads

And now with Canada's inter-decennial count of prairie population out of the way comes word of 2 more head-counting plans of major importance. On August 1 is slated the registration of Alberta citizens preparatory to payment of basic dividends. Each bona fide citizen of 21 years or over must register personally with parents taking responsibility for members of families under 21. Those eligible for dividends are supposed to be British subjects resident in the province at least one year. Registration in each area will be in charge of the local member of the legislature.

Then on September 1 a nation-wide registration of all unemployed persons will begin under the aegis of the National Employment Commission. It will cover all persons on relief with their dependents and will aim at collecting human as much as statistical information.

• • •

An Outside View

Sometimes an "outside" picture of our business situation is of value. This is the current estimate of the Canadian economic picture as summarized in the latest report of the U. S. Commercial Attache at Ottawa. He says:

"Current Canadian business evidences a fairly steady tone and immediate prospects are brightened by an increase in tourist traffic and sound conditions in basic industries.

"Seasonal shifts are taking place in manufacturing — increased activity in food packing and specialty industries and a slackening in automotive and heavy steel trades. Merchandise movement was about equal to the volume reported in May; in a few lines an improvement in forward buying is noted."

Changes of the Week

Favorable

Carloadings of revenue freight were slightly higher for the week of July 18 compared with the same week last year despite a sharp slump in grain loadings in western Canada.

Iron and Steel Production showed substantial gains over June, 1935.

Central Electric output up 11.7% over June, 1935. This gain was in spite of a drop in demand for secondary power. The D. B. S. index number for firm power consumption reached a new high record at 181.5 being nearly 4% above the previous peak reached in April.

Bank Debits rose 16% due to higher productive and speculative activity. Prairie province debits (up almost 25%) reflected increased grain exchange activity and prices.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

	WEEKLY DATA —Latest— 1936	1935	—Cumulative Total— Jan. 1 to date 1936	1935
Transportation—				
Car loadings (July 18)	▲45,496	45,294	1,262,406	1,244,782
C.N.R. gross earn. (July 21)	$ ▲3,391,106	$ 3,373,644	$ 95,777,924	$ 89,894,706
C.P.R. gross earn. (July 21)	$ ▲2,461,000	$ 2,428,000	$ 69,736,000	$ 71,820,000
Business Conditions—				
Weekly index D.B.S. (July 18)	▲110.3	100.1	....	....
MONTHLY DATA	1936	1935	1936	1935
Business Conditions—				
Financial Post index (June)	110.1	101.3	......	......
Transportation—				
C.P.R. net revenue (May)	$ 1,450,289	$ 1,143,914	$ 5,615,450	$ 4,658,206
C.N.R. net revenue (June)	$ 9,442	$ 495,685	$ 2,475,040	$ 2,167,536
Iron and Steel (June)—				
Pig iron production (tons)	▲56,362	44,555	340,335	259,777
Steel ingots and castings prod. (tons)	▲82,196	73,450	578,700	388,163
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (June)	▲10,089	9,698	61,687	57,036
Factory output (May)	16,389	17,093	73,238	78,114
Trucks and Buses:				
Domestic sales* (June)	▲2,447	2,042	13,156	11,110
Factory output (May)	3,617	3,672	16,310	17,470
Exports (May)	4,214	4,684	24,337	31,380
Construction—				
Building permits (June)	$ 4,580,740	$ 5,104,855	$ 17,500,420	$ 24,640,511
Contracts awarded (June)	$ 20,803,400	$ 18,521,400	$ 77,708,500	$ 75,594,500
Newsprint (tons)—				
Production (June)	270,051	232,020	1,489,263	1,286,273
Exports, tons (May)	▲258,288	239,880	1,076,705	936,333
Sugar (lb.)				
Melting & sales§ (raw)	▲96,053,265	93,608,459	303,134,553	291,101,960
Manufactured§	▲92,455,481	87,364,302	292,386,286	294,392,109
Flour (bbls.)—				
Production (May)	1,196,339	1,164,322	5,378,549	5,142,549
Wheat flour exports (June)	430,171	429,561	2,291,172	2,242,945
Trade—				
Retail trade (index no. of sales) (May)	72.9	68.3	......	......
Imports (June)	$ 61,795,177	46,731,689	298,080,563	260,372,393
Exports (June)	$ 79,181,200	58,504,829	42,314,144	350,032,873
Wheat exports (bush.) (June)	25,763,565	6,494,622	94,587,586	45,005,121
Employment, D.B.S. Index (June 1)—				
All industries	102.0	97.6	......	......
Manufacturing	103.4	98.4	......	......
Electric Power Output (June)—				
Total monthly (000's omitted)	▲2,028,695	1,816,250	12,440.079	11,380,094
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (May)	▲169,550	129,800	654,585	587,165
Boot & shoe prod., pr. (May)	1,795,518	2,032,751	9,320,902	8,907,936
Crude petrol. imp. gal. (May)	103,517,363	131,131,917	323,829,524	328,749,567
Cotton imports, lb. (June)	▲7,415,651	7,397,290	69,618,556	51,051,879
Raw rubber imp., lb. (May)	4,974,572	8,800,907	19,636,856	26,724,581
Coal imports, tons (May)	1,360,026	1,485,060	3,342,676	3,637,479
Finance—				
Bank debits (June)†	$ ▲3,135,569	$ 2,710,310	$ 17,246,852	$ 15,216,135
Bond sales (May)	$ 45,531,750	$ 70,542,182	$ 544,578,864	$ 208,452,156
Life insurance sales (June)	$ ▲32,277,000	$ 32,112,000	$ 187,760,000	$ 181,555,000
Automobile Financing (June)—				
Used cars (June)	$ ▲3,389,507	$ 2,286,465	$ 13,549,375	$ 9,472,973
New cars (June)	$ ▲3,954,222	$ 2,669,173	$ 17,357,147	$ 13,132,586

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to June 13. ‡Final.

Investment Service

We offer investors the facilities of an organization which is represented by its own offices in principal cities throughout Canada, as well as in Newfoundland, New York and London.

Government, Municipal and Corporation issues dealt in. Information and quotations furnished promptly on request.

Enquiries invited.

Royal Securities Corporation
Limited
244 St. James Street, Montreal
330 Bay Street, Toronto 2

Offices throughout Canada; also in New York and London.

24

'Textile' Syndicate Took Risk in 1905

From Our Own Correspondent

MONTREAL.—Members of the original syndicate financing Dominion Textile Co. were fortunate in getting any return on their money in view of the tremendous liabilities of the merged company, according to a view expressed by Sir Charles Gordon, president, at the annual meeting of Dominion Textile Co. shareholders.

When Dominion Textile was formed, said Sir Charles, the textile trade was in a sorry state with cut-throat competition to a point where few of the companies were making progress. Dominion Textile, on its formation, took over the liabilities of its constituent companies, including fixed and bank indebtedness, aggregating some $7 millions, restored order out of chaos in the industry, allocated to the several mills the work for which they were best equipped, generally placing the industry on a sound, efficient basis.

Trade Better, Find Leaders In Machinery

Heavy Industries Record 6 Months of Progress

Despite the interruption of 1936 budget, leading firms in the machinery and heavy industry field report excellent progress in Canada during the first half of 1936,, according to a special survey by Canadian Machinery.

Highlights of the survey are as follows:

Canadian Atlas Steel Ltd.—We have experienced improved business conditions in all lines during the first 6 months of 1936, except special tool steel materials which apparently have been affected by uncertainty in the automobile field. We look to an improvement over the balance of the present year.

Babcock-Wilcox & Goldie-McCullough (Galt)—The first 6 months have shown a decided improvement over the corresponding period last year. We have booked about 8% more business than last year. This has meant more employment in our factory, but not in our office. Prospects seem fairly bright, judged by the number of enquiries being received.

T. E. Ryder Machinery Co. (Montreal)—A substantially steady improvement in sales of metal-working machinery and materials handling equipment. This has reached normal as far as volume is concerned, but demand is probably better than the consumer trade warrants, since it is partially taking care of orders for equipment of which purchase has been long delayed and which normally would have been ordered during the past 2 or 3 years.

Diamond State Fibre Co. of Canada (Toronto)—Sales for the first 6 months show a satisfactory increase over the same period in 1935.

Massey-Harris Co. (Toronto)—The first 6 months indicate continuance of the improvement which began in 1934, continued through 1935 and which seems to be holding to this date in 1936.

B. Greening Wire Co. (Hamilton)—Sales are up 13% and we are working about 80% of normal.

Sheldons Ltd. (Galt)—Business for the first half has been very much in excess of the same period last year. There seems to be every hope that the last half will be equally as good if not a little better. We have felt no serious ill-effects of tariff changes.

Leland Electric Canada Ltd.—Monthly production has stepped up from 35 to 55% since the first of the year, and there is no indication of a let-up. We are making a special sales drive in foreign fields and Empire countries from whom we have not received volume of orders in the past,

Hamilton Gear & Machine Co. (Toronto)—Business took a decided upward turn after the first of the year. Since the latter part of January, conditions have been good and we see no reason why they should not continue so well on until the fall and probably to the end of the year.

Anaconda American Brass (New Toronto)—Business will show an increase for the first 6 months of 11%, indicating that 1936 tariff changes have not affected customers whom we serve to any great extent.

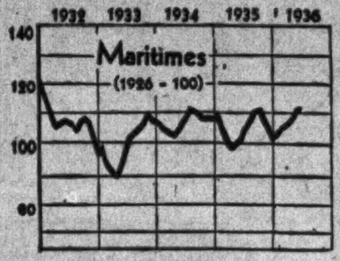
John Bertram (Dundas)—Business in our plant will approximately equal 1935. However, buying is being spread out somewhat, indicating a return to prosperity is reaching a wider field. Extreme changes in tariff cannot help but throttle business and there must be some figure which approximately represents protection to Canadian industries somewhere between the standards set up by the two Canadian parties. Protection against machinery from Great Britain, where labor rates are approximately half of Canadian rates, is too low, and if we expect to maintain Canadian standards of living, these should be corrected.

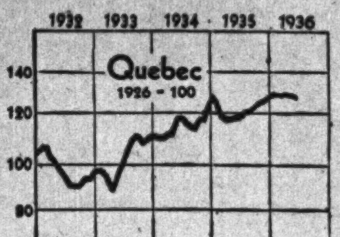
Canadian Pacific Railway (Montreal)—Gross earnings for the first 6 months are up 9.8%, and for the first 5 months net earnings are 20% higher than a year ago. Our payroll for the first quarter gained 9% and the average number of employees has increased 6.3%. It is too early to predict with any degree of safety what the next few months may bring forth. The results of railway operations are largely dependent on earnings in the last half of the year, and should the anticipated prairie crops fail to materialize, the present indication might very well be reversed to a greater or less degree.

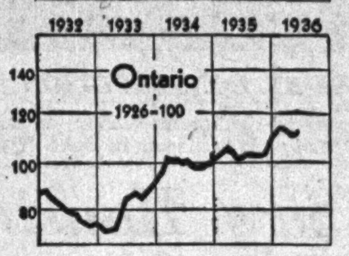
Canada Foundries & Forgings Co.—There has been a considerable improvement in business at Welland during the first 6 months of the year, and the balance of the year looks very bright. At the end of June our business was increased by 25% over last year. Unfilled orders at that date were considerably in excess of those a year ago.

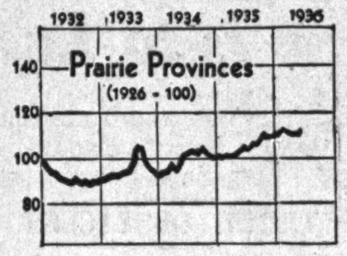
Trade Holds Steady In Most Provinces

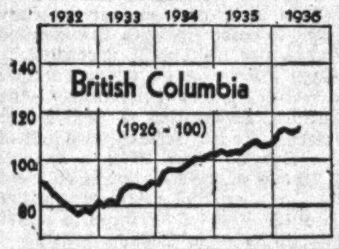
Ontario Shows Impressive Summer Activity — Strong and Weak Spots Revealed in Monthly Survey











Minor advances in the regional indexes of business activity were shown during June in 4 out of the 5 economic areas,

Except in Quebec the index for which showed a recession of one-half point, the compilations were favorable.

An impressive list of advances was shown in Ontario, gains being recorded in 8 out of 9 factors.

Electric output was greater in all areas except in the Prairie Provinces and industrial employment after seasonal adjustment was also more favorable on July 1 in the 4 other areas. Chief influence in raising the regional indexes in July was the general gain in bank debits. Sales of life insurance recorded increases in the 3 areas from Ontario eastward.

• • •

Maritime Provinces

Five of the 6 available factors for the Maritimes recorded a gain in June over May. The exception was building permits, the index of which declined from 116.6 to 102.5 The gain in electric output was 12% and bank debits were up more than 32%. More significant perhaps was the gain of 3.3% in industrial employment. The net result was that the index for the area rose from 109 to 112.

Tourists at New Peak

The business situation generally in the Maritimes finds trade conditions generally satisfactory. June coal production totalled 523,000 tons compared with 448,000 tons in June, 1935. Steel is enjoying the best conditions for many years and lumbering recently showed a decided spurt. Agriculture has benefitted from higher prices with fishing alone remaining without immediate prospects of betterment.

Unfilled orders in the steel industry are sufficient to keep plants busy for a considerable period, the payroll of 3,400 being maintained. Paper mills are working to capacity, cotton mills are moderately active and woollen mills busy.

From New Brunswick comes word that hard-surfacing of roads will absorb about 4,000 workers; that tourist traffic has already reached a new peak exceeding the entire year 1935, and that the month-end will see $125,000 distributed to old-age pensioners—the first monthly payment.

• • •

Quebec

While a recession was shown in the general index, most of the factors relating to the area recorded gains. The construction industry operated at a low level although marked percentage gains were shown in new business obtained over the preceding month. The index of electric output advanced 1.1% to 266.8. The index of employment was 1.7% greater and appreciable increases were shown in the financial factors of bank debits and insurance sales. Boot and shoe plants and cotton industries were at a lower level while the index of newsprint production advanced nearly 5% to 171.7.

Some Industries Quiet

Confirming statistical evidence that conditions were not uniform in Quebec in June, reports show real and artificial silk mills to be experiencing a usual summer lull and men's clothing industries quiet. On the contrary retail trade shows improvement with considerable stimulus expected from the tourist season. Furniture factories are operating at or near capacity with a good volume of business on hand. Demand for lumber is active and prices fairly steady. Department store sales are reported well ahead of last year with seasonal gains of 15% to 20% compared with May.

• • •

Ontario

The records for Ontario were encouraging for June, sharp gains being shown in the new business obtained by the construction industry. Electric output was up nearly 2% and employment showed a seasonally adjusted gain of nearly one-half point. A gain of 16.6% was shown in bank debits while sales of life insurance were up 3.2%. Automobile production after seasonal adjustment showed a gain of nearly 1%. The output of steel ingots was at a somewhat lower level than in May.

Labor troubles at Algoma Steel have caused curtailment on a large scale at that point while in automotive plants seasonal preparations are under way for 1937 models. Boot and shoe plants are reported busier with satisfactory fall business; textile plants are well employed. Furniture plants are quiet except for firms catering to summer furniture and radio cabinets. Tourist business is at a highlevel with visitors to the Quintuplets home at Callendar averaging from 3,000 to 6,000 daily of which 60 per cent are from the U.S.A.

• • •

Prairie Provinces

Only 4 of the 8 indexes indicating conditions in the Prairie Provinces showed advances in June. Building permits and bank debits were higher. Declines were shown in electric output and employment. The gain in wheat receipts at country elevators was greater than normal for the season, the index showing a slight increase. Wheat prices (contrary to seasonal tendencies) averaged nearly 5 cents per bushel greater than in May.

Retail Trade Up

Retail trade reports show June sales ahead of last year at some points with largest gains in wearing apparel. Unfavorable crop news has caused cancellation of considerable fall business A curious fact about Saskatchewan is the noteworthy gain in car and truck sales and registrations despite the relatively small amount of money in circulation. Pertinent comment from Alberta is that "basic trade conditions warrant higher trade volume than is currently reported." The explanation is political uncertainty,

• • •

British Columbia

The advance in business activity in British Columbia which has been in progress for some years was extended in June, a gain of ½% being shown in the index at 114.4. Contracts awarded were up nearly 40% and the output of electric power was 2.2% greater. Industrial employment after seasonal adjustment averaged a gain of nearly 1%. The index of bank debits was 105 against 101.3 in the preceding month. Sales of life insurance dropped off sharply.

Birthday Celebration Helps

In retail trade, department store sales early in the summer were reported 5% ahead of last year, a major influence being the influx of tourists for centennial celebrations. An estimate this week places increased business to Vancouver merchants at $20 millions. Of constructive importance laborwise, is an agreement covering a 5-year period which is said to practically assure cessation of waterfront labor troubles as between shipping interests and longshoremen at Vancouver and Victoria.

A strike affecting 2,500 fishermen and 1,000 canning operators is a currently disturbing feature.

DETAILS OF THE TREND OF BUSINESS IN THE 5 ECONOMIC AREAS FOLLOW:

	June 1936	June 1935	May 1936	Percentage Inc. or Dec. June 1936-1935
Maritimes—				
Construction contracts ....$	5,897,000	3,447,000	3,214,000	+17.1
Building permits ....$	238,000	154,000	233,000	+54.5
Life insurance sales $000	2,155	1,762	1,755	+22.4
Bank debits $000,000	61.6	52.6	50.9	+17.1
Electric power .... k.w.h. 000	58,209	57,871	56,963	+ 0.6
Employment .... 1926=100	111.7	106.7	103.4	+ 4.7
Tonnage of vessels cleared from Halifax	217,232	181,592	205,256	+19.6
Index	112.0	105.1	109.0	+ 6.6
Quebec—				
Construction contracts ....$	3,503,000	3,935,000	2,287,000	—11.0
Building permits ....$	1,094,000	1,497,000	696,000	—26.9
Life insurance sales $000	9,093	9,020	7,848	+ 0.8
Bank debits $000,000	920	806	892	+14.1
Electric power .... k.w.h. 000	1,022,875	982,233	1,050,174	+ 4.1
Employment .... 1926=100	101.6	94.8	99.8	+ 7.2
Imports of raw cotton .... lb.	7,415,651	7,397,290	9,858,993	+ 0.2
Newsprint production .... tons	270,051	232,020	267,067	+16.4
Index	127.6	118.6	128.1	+ 7.6
Ontario—				
Construction contracts ....$	8,951,000	8,137,000	6,156,000	+10.0
Building permits ....$	2,304,000	2,321,000	2,144,000	— 0.7
Life insurance sales $000	14,244	14,559	12,902	— 2.2
Bank debits $000,000	1,424	1,264	1,305	+12.7
Electric power .... k.w.h. 000	661,222	530,315	672,355	+24.7
Employment .... 1926=100	106.2	102.7	104.7	+ 3.4
Livestock slaughterings ... 1926=100	146.9	117.5	133.4	+25.0
Steel production .... tons	82,196	73,450	94,602	+11.9
Automobile production .... No.	16,400	15,745	20,006	+ 4.2
Index	112.1	102.7	111.5	+ 9.2
Prairie Provinces—				
Construction contracts ....$	1,772,000	1,347,000	2,894,000	+31.6
Building permits ....$	458,000	542,000	539,000	—15.5
Life insurance sales $000	4,139	4,230	3,867	— 2.2
Bank debits $000,000	562	451	567	+24.6
Electric power .... k.w.h. 000	110,291	97,157	129,400	+13.5
Employment .... 1926=100	101.9	96.3	97.7	+ 5.8
Wheat receipts .... bush.	8,746,000	9,334,000	5,506,000	— 6.3
Wheat prices .... $ per bush.	.795	.817	.768	— 2.7
Index	112.0	105.7	111.5	+ 6.0
British Columbia—				
Construction contracts ....$	660,000	1,655,000	412,000	—58.9
Building permits ....$	488,500	562,000	552,000	—17.6
Life insurance sales $000	2,307	2,239	2,373	+ 3.0
Bank debits $000,000	168.2	136.5	163.8	+23.2
Employment .... 1926=100	104.8	99.5	102.2	+ 5.3
Index	114.4	104.9	113.8	+ 9.1
Electric power .... k.w.h. 000	140,484	120,469	140,503	+16.6

Argentine Sends Wafer-like Letter

This week a letter came by air mail from the Argentine. It was of such fairy-like proportions that a breath of wind could blow it away. Yet both the envelope and the paper were tough and typeable.

Our postal department reported the combined weight of both the envelope and the single 8" x 10" sheet to be 8 one-hundredths of an ounce.

An ordinary business letter, such as is generally used in Canada, weighs approximately one-third of an ounce.

Thus necessity by proving itself the mother of invention has created a correspondence medium at one-quarter the weight of that used in ordinary correspondence.

What's What In Advertising

By TORY FLEMING
Editor, Canadian Advertising

Informed circles are of the opinion that the clause in the agency recognition forms of the Canadian Daily Newspapers Association forbidding the rebating of cash discounts by an agency to its clients will be revised in the near future. This is one of the points of contention between the C. D. N. A. and the Association of Canadian Advertisers, the former holding that cash discounts are "deferred commissions" and forbidding agencies to rebate them—a fairly common practice. The advertisers maintain that they, as buyers of the space, are entitled to the discount in keeping with general practice in other instances. A second meeting will be held between A. C. A., C. D. N. A. and agency representatives to discuss this and other possible points of revision within the next few weeks.

W. A. Green succeeds W. C. Russell as advertising manager of the Vancouver Daily Province. The latter has been superannuated after 27 years of service. Mr. Green has been with the advertising department of the paper for the past 10 years.

Leslie J. Bennett, publisher of the Dufferin Leader, Carman, Man., is the new president of the Canadian Weekly Newspapers' Association. Other officers elected at the annual meeting in Winnipeg recently are George James, Bowmanville, Ont., first vice-president and Frank Burns, second vice-president.

A new series of quarter-page advertisements featuring Ingram's Shaving Cream is appearing in Maclean's Magazine, Liberty and National Home Monthly. Illustrations are in cartoon style, done by Jeff Chapleau, Montreal artist. Copy stresses the face comfort claimed to follow an Ingram shave. The campaign is directed by Ronalds Advertising Agency Ltd.

Appointment of Carl F. Roepke as director of merchandising is announced by Fine Foods of Canada Ltd., Windsor. He will act as a contact between the firm and its distributors and retailers, keeping them informed as to advertising plans. Mr. Roepke was formerly with the Minnesota Valley Canning Co.

The Butterfly Hosiery Co. Ltd., Drummondville, Que., has appointed Ronalds Advertising Agency to direct its advertising. Plans are under way for a fall campaign, details to be announced in the near future.

Investors' Chronicle
6d Established 1860 6d
Has the Largest Net Sales of any Weekly Financial Newspaper in Great Britain
OVERSEAS FINANCE
Special Correspondents in all Financial Centres
A free specimen copy will be forwarded on post card application to:
THE PUBLISHER,
INVESTORS' CHRONICLE,
20, BISHOPSGATE,
LONDON, E.C. 2, ENG.

Individual Investment Requirements

No two persons have quite the same circumstances or obligations to consider in managing their investment affairs. It is the aim of this organization to make such investment suggestions as will best suit the specific requirements of individual clients.

Inquiries are invited at our Branch nearest to you

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

BOND DEALERS
WRITE FOR CURRENT LIST OF OFFERINGS
McLeod, Young, Weir & Co.
LIMITED
METROPOLITAN BUILDING—TORONTO
MONTREAL—OTTAWA HAMILTON—LONDON

QUALITY ENGRAVING—*the essential safeguard in Monetary Documents*

Outer Expression of Inner Worth

It is not difficult to make a bond or stock certificate, of superficially good appearance.

But inherent character, resultant from thorough workmanship of unvarying high quality is the vital essential for the outer expression of inner worth.

Over 100 years of unvarying standards and the finest of engraving craftsmanship, enable us to provide you with monetary documents — protected by quality and expressive of worth.

CANADIAN BANK NOTE COMPANY
LIMITED
Head Office and Works—OTTAWA
—*Branch Sales Offices*—
TORONTO MONTREAL

We offer our facilities for the exchange of

British Columbia Telephone Company

New
FIRST MORTGAGE BONDS, 4½% SERIES B
For Present
First Mortgage Bonds, 5% Series A

On the basis of a price of 105% and accrued interest for the 4½% Series B Bonds and 108½% and accrued interest for the 5% Series A Bonds in accordance with the terms of the prospectus which will be furnished upon request.

The new 4½% Series B Bonds will be dated June 1st, 1936, and will mature June 1st, 1961, principal and interest being payable in lawful money of Canada. Coupon Bonds available in denominations of $1,000 and $500, registerable as to principal only or Fully Registered Bonds in denominations of $1,000 and $5,000.

It is expected that Bonds of the 4½% Series B will be ready for delivery on or about July 31st, 1936.

VANCOUVER
OTTAWA
QUEBEC
SAINT JOHN
MONCTON
HALIFAX
FREDERICTON
CAMPBELLTON
CHARLOTTETOWN

W. C. Pitfield & Company
Limited
235 St. James Street, Montreal
80 King Street West, Toronto

In The Construction World

City Planning Vital

CLAIMING that with the end of the depression the recent swing of population away from the urban centres and back to the farm will be reversed again, Walter S. Schmidt, big Cincinnati real estate operator, told the recent National Convention of Real Estate Boards that cities on this continent should prepare for such a normal resumption of growth.

"One of the first things necessary for us to do, so far as our individual cities are involved, is to see that they are made attractive and desirable communities in which to live. This means long range planning and better methods to conserve values once created. We must get rid of blight and destruction caused by undue obsolescence. Originally, our cities were planned with a great deal of foresight, but the elements of changed transportation and changed industrial activity then unforeseen, have not been given their due in keeping these plans up to date."

• • •

Future Trends

MR. SCHMIDT expects that the next 10 years will see quite a rearranging o fthe present type of city on this continent. He visualizes more decentralization with big cities surrounded by probably a dozen or more communities of 4 or 5 thousand families, or individual populations of approximately 20 to 25,000 people. These will retain their own individuality and with varying levels of house values. Lots will be much larger and a great deal more attention paid to natural environment.

Hand in hand with such development, one must assume that there will be a gradual increase in values of what is now desirable suburban and semi-suburban real estate but with no similar gain on the part of residential property now well within city limits.

• • •

Stores and Theatres

STORES and movie theatres have proved the backbone of business type of construction in the last 18 months. Eliminate the public building sponsored largely as a relief measure by the federal government and these two items have bulked very largely in recent reports. In addition to substantial improvements to thousands of individually-owned stores, the big chains like the Dominion Stores and Loblaws, have spent hundreds of thousands of dollars on renovation. Large retail establishments too, such as Eaton's and Simpson's, have and are continuing to do the same thing.

• • •

New Movie Houses

PRACTICALLY every large town has seen recently either the complete renovation or entirely new construction of at least one moving picture house, while in the larger cities dozens of new theatres have been built. Some of the jobs, like that announced in Montreal this week, will run into $200,000 apiece.

In the theatre line particularly this work has not been confined to any one area of Canada. Even in the western provinces, where continuous partial crop failures in the last 5 years have seriously impeded general recovery, the work has gone on. Brand new ultra-modern and very large theatres have been built in practically every western provincial capital in the last few months.

• • •

Big Business Next?

DOES such development foreshadow similar expansion in the big business world behind the retail field? Informed opinion argues that it does.

The retail end of business is always the most sensitive and this type of demand takes the lead in recovery. Companies are not going to spend vast sums on improvements in their retail outlets unless they see adequate returns of such expenditures in the reasonably near future.

Introduction of sound pictures some years ago made some renovation of existing theatres compulsory, but this occurred years before the recent expansion. The latter could hardly have been attributed to the new invention, but must rather be the result of sound conviction on the part of the sponsors that now is a favorable time to build.

Insulating Board Shipments Jump

Total in First 6 Months Nearly Equal All 1935

Indicating the general expansion in the Canadian construction industry over a year ago and also the keener interest in insulation, domestic shipments of all types of insulating board for the first 6 months of 1936 show a very substantial improvement over the same period a year ago.

Panel board was up almost 50% from under 9 million sq. ft. for the 6 months of 1935 to over 12 million for the first half of 1936. Plaster base board advanced from under a million ft. to over 2 millions and there was a similar increase in roof boards.

Total supplies of these various materials were up from under 12 million sq. ft. for the first half of 1935 to 17.5 millions. The last named figure was within 2 million ft. of the total shipments in 1935 and actually exceeded the total for 1934.

Rely on Roads As Best Means To Help Labor

New Highway Construction Found Big User of Unemployed

TOURIST TO PAY BILL?

In the last 5 years, largely as a relief measure, Canadian governments of different categories have spent upwards of $200 millions on highways. Nearly $30 millions has been spent on the Trans-Canada alone and another $20 millions will be expended before the ribbon is cut and the route opened to through traffic, some 2 to 5 years from now. Within the last month practically every province from the Atlantic to the Pacific has launched new programmes.

Does It Pay?

Naturally such heavy outpourings of public money in a country of 11 million people arouses or should arouse a pertinent enquiry. Boiled down to their briefest forms the following questions sum up the situation.

1—Does highway construction offer the best means of providing relief employment?

2—Is the money simply being thrown away?

3—Is the money so spent spread over a wide range of industry?

Provides Employment

Recent relief history in Canada would tend to answer yes to question No. 1.

At the beginning of the depression governments tried a score of different experiments designed to increase employment. Efforts were made to get private industries including agriculture, the railways and big companies to employ more men.

Various schemes of public works were adopted. Big federal and provincial buildings were projected. When the contractors started to put these up in the most economical way and use labor-saving machinery, this was stopped and hand labor ordered. But after various experiments, road building is now being relied upon almost exclusively to take up the biggest unemployment slack.

Time alone will tell the full story of the worth of many of the new roads. The bulk of them are designed largely to handle tourist traffic.

Figures concerning this trade are rather vague. Estimates for last year valued it at about $180 millions and this season it is expected to be very much higher, probably up to $250 millions. Of more significance, however, is the fact that those provinces which to date have been deficient in good tourist roads are now making belated efforts to repair the lack.

The Maritime provinces, British Columbia and even the Prairies have all gone into road building this year in a bigger way than probably ever before and in all cases the emphasis is being laid on highways, many of them hard surfaced, which will make an appeal to the tourist. At the same time, the central provinces of Ontario and Quebec, where there has always been a much larger percentage of good tourist roads than elsewhere in Canada, have not slackened their efforts. Apparently these governments are convinced that such expenditures in the long run will provide some return and in the meantime the construction activity involved is depended upon to take men off the relief rolls.

As to the benefit of such work on the construction industry and again on the numerous industries behind construction, a recent survey by a group of engineers for the United States Bureau of Public Roads, throws valuable light. The survey covers a wide range of territory in the Northern States, where conditions are identical with those prevailing in this country. This investigation emphatically answers yes to question No. 3 and incidentally, too, comes to conclusions which would seem to reply to the other 2 queries in the same way.

Big Indirect Returns

For each $100 millions of highway expenditure, according to the survey, there is an average annual employment for actual work on the road itself and indirectly in industry of approximately 103,000 persons, continuously employed for 12 months, at an annual cost of approximately $970 per person. For each of 37,960 persons employed directly on highway construction projects, approximately 1.71 million of individuals appear on indirect payrolls.

For every person employed directly on the highway, approximately 1.7 persons are employed indirectly in industries furnishing materials, equipment, supplies and services. The latter group, the survey reveals, are in the more skilled class and receive an annual average wage usually about 10 cents more per hour than those engaged directly in highway work, even where a regular wage is paid.

It is estimated an expenditure of $100 millions on highways initiates a movement which eventually involves, in the handling and processing of materials by industry, a total value of business transacted of approximately $315 millions.

Starts Line of Industry

Something of the vast amount of indirect work provided by a highway development programme is indicated by the following paragraphs from the report.

"Stone must be quarried, transported, crushed, separated into sizes and proportioned with other material in proper amounts. Clay must be dug and converted into brick and tile. Limestone and gypsum must be quarried and manufactured into cement and plaster. Petroleum must be produced and refined into fuels and asphalts. Iron ore must be mined and shipped, and blast furnaces and steel mills must operate to produce structural and reinforcing steels. Coal must be mined and timber felled and milled.

"Finally, these materials must be concentrated in various proportions at numerous sites of construction and, after the application of a high degree of mechanization in the direct construction operations, they emerge in the finished highways. Throughout the succession of processing stages use is made of tremendous resources in the form of plant and equipment, which, in a continuous programme of highway construction, undergo steady depreciation and require maintenance, repair and replacement of buildings, machinery and tools on account of wear and tear and obsolescence. These requirements of highway construction cause business transactions in addition to the highway business transacted on the jobs. Each order for highway materials initiates the transaction of business in numerous places and in many industries."

Food Supplies

And this indirect business involved in the expenditure of $100 millions for direct highway construction, the survey estimates it worth more than twice the original outlay.

One item apparently the survey overlooks except in an indirect fashion, is that for the food requirement of the men working on the road itself. In this sort of construction a great deal of hand labor is involved, which makes the project of more than the usual benefit where the object is to provide employment as a relief measure. The provision of food and shelter for the great gangs of men working on isolated stretches of the new tourist highways in Canada, for instance, involves a very considerable outlay of money in itself. Expenditures for this purpose, too, provide the supply contractors and indirectly agriculture with a considerable market.

How Money is Spent

Getting back to the direct highway expenditures again, the survey indicates that for the ordinary hard surface highway there is the following main breakdown:

How Money is Spent

	%
Labor	24.39
Equipment	21.29
Materials	48.75
Other expense	5.57
Total	100

This, of course, shows the labor appeal of road work to the relief authorities. The survey goes on to indicate that even with a high degree of mechanization possibly the maximum under present day conditions, a large percentage of hand labor is still necessary. With more primitive conditions, of course, this would be increased but not, according to modern standards, could it be much reduced.

For an asphalt pavement, materials are supplied in the following proportions of cost:

Materials Required

Materials	% of cost
Fine aggregates	9.35
Coarse aggregates	30.20
Cement	40.01
Iron and steel	11.77
Road oil	2.53
Asphalt	2.87
Lumber	1.33
Brick	.21
Pipe	1.73

Alexander Murray Adds to Personnel

Messrs. Ryley and Villeneuve, Building Specialists, Join Company

Alexander Murray & Co., distributors of Donnacona insulating products, announces 2 acquisitions to its personnel of interest to the construction industry. E. G. Ryley, widely known in the building construction field, has recently joined the company and is attached to the Toronto division.

J. H. Villeneuve, also joined the company, being attached to the Montreal division. Mr. Villeneuve has had 17 years' experience in the building construction materials field.

Mexican Light & Power Resumes Normal Service

Strike of workers against Mexican Light & Power has been terminated and plants are again running and supplying light and power. The 10-day strike virtually paralyzed industry in Mexico City by cutting off power supplies.

Workers asked for wage increases amounting to about $280,000 annually, or over a million pesos. They also sought to make numerous concessions, some of which were said to be of a fantastic nature, in a new collective labor contract. The precise terms of settlement were not announced immediately.

The syndicate representing workers sought to have the company's plants attached to enforce the employees' demands. However, Lazaro Cardenas, president of the republic, declined to comply with this demand.

TOOLE, PEET & CO.
LIMITED
FINANCIAL AGENTS
Appraisers and Valuators
Estates Managed
CALGARY CANADA

SPEEDING QUEBEC HIGHWAY CONSTRUCTION

This giant concrete mixer places the material right on the roadway where needed, leaving a complete road, only waiting to harden, in its wake. The picture was made along the new Highway No. 3 near Sorel, where the Kennedy Construction Co., of Montreal, has the contract.

Says Housing Shortage Is to Last Until 1940

Rising Costs and Taxation Only Check to Expansion, Says Potter

THREE OBSTACLES

This continent cannot possibly hope to catch up with the demand for houses until 1940, according to Hugh Potter, in an address before the Great Lakes convention of the National Association of Real Estate Boards. He is a former president of the Boards. Mr. Potter's general summary of the situation is believed by Canadian real estate authorities to apply with equal force to either United States or Canada.

Needs are Great

Mr. Potter expects that the 1935 production of 85,000 houses in the United States will be more than doubled this year, but that this figure should be multiplied by 5 before the production can hope to equal the present neeeds. As obstacles to the present moderate boom he cites 3 factors — a shortage of skilled mechanics, a rising tendency in the cost of building materials, and expectation of still heavier taxes.

He points out that with the increasing use of engineering devices and better planned, better equipped, better insulated houses, there arises with each improvement a demand for a higher percentage of skilled construction labor. The modern house, Mr. Potter points out, is not the rather primitive affair of 10 years ago but is one well supplied with conveniences and equipment. Primarily, he says it is designed for the comfort and convenience of the family purchasing or renting it. In the event of a real house building boom, he does not believe that there are anything like sufficient competent men available to handle an expansion.

Material Prices Rise

"What are the obstacles which block the way to a ready solution of the housing problem?" Mr. Potter asks. "Standing out boldly is the fact that prices are continuing to increase beyond the ability of the man who owns the home to pay for it. Our hope and purpose is to accomplish a gradual shift in the proportion of the people in this country who are able to pay for homes they would reasonably like to have for their own convenience. Such change can be accomplished by increasing the income or by decreasing the cost of the homes in the lower price range. Building materials have gotten back to the level they occupied in 1929, which is a little lower than they were in 1926, the high point in building cost."

Costs Higher Here, Too!

In this respect while the trend applies to Canada, there has been less tendency on the part of building materials to rise. The Dominion Bureau of Statistics estimates the costs of such products as follows:

Building Costs

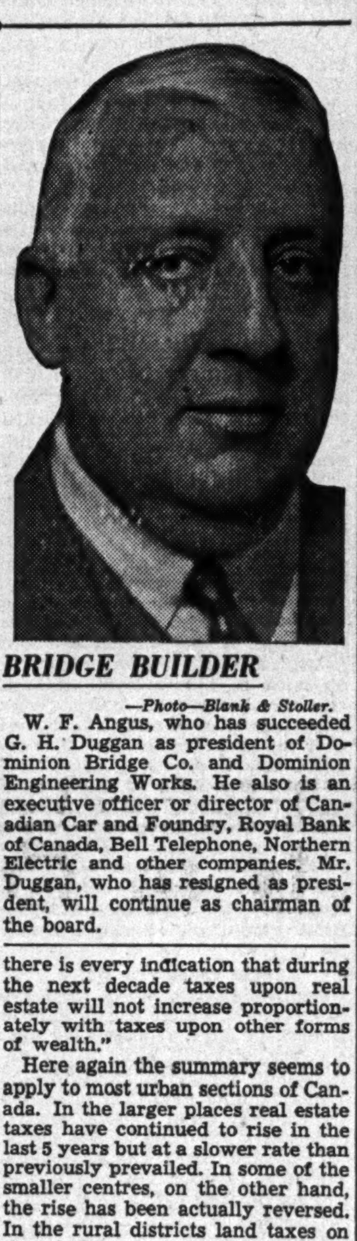
Average index wholesale prices building materials in first 6 months 1926=100.

1936	84.8
1935	81.2
1934	82.8
1933	78.9
1932	76.8
1931	83.5
1930	95.
1929	99.2
1928	95.9
1927	96.
1926	101.

It will be noted that there has been quite a sharp rise from a year ago. The low point since the war was in 1932. The year 1926, on the other hand, was a fairly normal one in Canada with the D. B. S. index standing at 100 for the whole year but slightly higher for the first 6 months. High point in Canada was just after the war in 1920 when costs stood at almost 145.

"Taxation," continues Mr. Potter, "as a whole may be expected to increase. But nevertheless, because of the awakening of people to the unfair burden carried by real estate, there is every indication that during the next decade taxes upon real estate will not increase proportionately with taxes upon other forms of wealth."

Here again the summary seems to apply to most urban sections of Canada. In the larger places real estate taxes have continued to rise in the last 5 years but at a slower rate than previously prevailed. In some of the smaller centres, on the other hand, the rise has been actually reversed. In the rural districts land taxes on the whole are at a lower point than at any time in the last decade, though there are some exceptions especially in those municipalities bordering urban centres.



BRIDGE BUILDER

—Photo—Blank & Stoller.

W. F. Angus, who has succeeded G. H. Duggan as president of Dominion Bridge Co. and Dominion Engineering Works. He also is an executive officer or director of Canadian Car and Foundry, Royal Bank of Canada, Bell Telephone, Northern Electric and other companies. Mr. Duggan, who has resigned as president, will continue as chairman of the board.

B. C. Passes On Cut in Interest

From Our Own Correspondent

VANCOUVER. — British Columbia's campaign for lower interest rates was carried a step farther when Hon. John Hart, minister of finance, announced a reduction from 4½ to 3½% in the rate charged by the provincial government on demand notes held against municipalities.

The reduction is effective as from July 1 and affects about $1,000,000 owed by the municipalities to the province. Most of the money was borrowed for unemployment relief purposes. In 1934 the government received 5½% for this accommodation, but 2 cuts were effected in the interim.

The reduction in the bank rate from 4½ to 3½% made the new rate possible.

The British Columbia government recently took steps to lower the general level of interest rates in other directions. Charges on tax arrears were cut from 6 to 4½% and the rate on deferred payments to the government was reduced to 4½%.

The provincial treasury has obtained reductions in the rates paid on its current bank loans and on its borrowings at Ottaawa, which now amount to nearly $30,000,000. This results in a substantial saving in financing.

Refunding of the major portion of the province's debt is still in abeyance.

June Building Holding in U.S.

Early Gains More Than Held — House Construction Featured

Value of June building permits in United States was 34 per cent greater than May. Such development is of special significance as in 5 of the past 7 years building permit valuations have been lower in June than in the previous month. Eight of the 9 geographic divisions of the country showed gains.

Increase in the amount of residential building was especially pronounced, a gain of 45% of this type of construction being recorded. In non-residential building there was an increase of 41% and a gain of 7% in value of additions, alterations, and repairs to existing structures.

Compared with June a year ago, the value of permits issued showed a gain of almost $40 millions or over 140%. For the first 6 months of the current year, the value of permits issued amounted to $610 millions, which is an increase of more than 75% over the first half of 1935. Residential building during this period gained over 120%.

June increases were most pronounced in the middle Atlantic States and in the east north central district. The east south central states, however, reported the only decrease over the previous month.

June gains were most pronounced in the middle Atlantic, the east north central, the south Atlantic and the west south central divisions. The only decline was in the west north central states, and there the decrease from May only amounted to less than a quarter of a million dollars. Residential gains were reported in every division except the east south central where there was a slight decline.

Use of Soy Beans In Canada Small

Industry Used But $34,000 Worth in 1935

Though soy beans make good publicity when tied to Ford cars and other industrial products, their manufacture in Canada as yet is on a very small scale. An Ottawa report of the linseed and soy bean oil industry in Canada during 1935 shows total production of the 8 plants in operation to have been just over the $3 millions mark—but practically all this is linseed production—there being an amount of only $32,620 designated as "all other products including soy bean oil and soy bean cake."

Under "materials used" the item "all other materials," which includes the cost of soy beans, is shown at $34,000. Similarly, in a table on foreign trade, it is shown that these plants used 861,000 lb. of soy bean valued at $17,000, of which 637,000 lb. came from the United States and 187,000 lb. from Japan. Imports of soy bean cake and meal to the amount of $142,000 are also reported.

The value placed on vessels, boats and gear used in the primary operation of catching and landing fish off the shores of British Columbia was $9,507,989 in 1935, compared with $9,641,534 in 1934.

If smoothness appeals—
"EXPORT"
CIGARETTES
—are irresistible.

Insulating and Decorating
Designed to meet every
Requirement
DONNACONA
INSULATING PRODUCTS
Ask your local dealer for particulars and folders
or write to us direct
ALEXANDER MURRAY & CO. LIMITED
Montreal Toronto Halifax Saint John Winnipeg Vancouver
D-44-36

Dosco Power Subsidiary Is Spending $200,000

From Our Own Correspondent

GLACE BAY, N.S.—A new addition to the Seaboard Power Co. plant at Glace Bay, N.S., involving expenditure of approximately $200,000, has been announced by H. J. Kelley, general manager and vice-president of Dominion Steel and Coal Corp. Work is now under way.

A new 6000-volt generator similar to the one now used at Glace Bay will be installed. The Seaboard Power Co. is wholly owned by Dominion Steel & Coal Corp.

G. S. HOLMESTED
Licensed Trustee in Bankruptcy
Liquidator, Receiver, Etc.
McKINNON BUILDING • TORONTO, ONT.

DB COMPANY LIMITED
STEEL STRUCTURES
RAILWAY AND HIGHWAY BRIDGES
PLATE AND TANK WORK
ELECTRIC AND HAND POWER CRANES
HYDRAULIC REGULATING GATES AND OPERATING MACHINERY
Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Gear Cutting, General Machine Work, Forgings.
DOMINION BRIDGE COMPANY LIMITED
HEAD OFFICE - - LACHINE (MONTREAL) QUE.
BRANCH OFFICES AND WORKS:
MONTREAL OTTAWA WINNIPEG VANCOUVER
AMHERST TORONTO CALGARY
AGENCIES: EDMONTON REGINA

WHATEVER else may be claimed or proclaimed, it is the tire-using public that pronounces the final verdict on tire values. And this experienced public awards *first* choice to Goodyear Tires. It is true today, as it has been for 20 previous consecutive years now, that *more people ride on Goodyear Tires than on any other kind.* Only superior quality could win and hold such preference over so long a time.
GOODYEAR

NEW Canadian BUTT JOINT

Canadian WOOD PIPE
WIRE-WOUND PIPE—Fitted with double steel or wood coupling, wire-wound or banded. Supplied in up to 24" diameter.
CONTINUOUS WOOD STAVE — Supplied in up to 24' diameter. Interlocking Butt Joint leak-proof, frost-proof, and without metal to rust or corrode.
Canadian Wood Pipe & Tanks Limited
550 Pacific Street Vancouver, B.C.
30 YEARS IN BUSINESS

THE FINANCIAL POST

SECOND SECTION

Vol. XXX | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, AUGUST 1, 1936 | 10c a Copy; $5.00 a Year | No. 31

Drought of Huge Proportions Checks National Recovery

Western Ontario Farmers Bear Brunt

ESTIMATING LOSS

BY GORDON L. SMITH

Canada has just experienced the greatest drought in her history.

It is impossible to estimate the loss in dollars and cents but national recovery has suffered a serious check.

There have been dry periods before, and the western grain crop has repeatedly suffered, but never since weather recordings began a century ago has there been such a period of prolonged hot and dry weather as has just occurred in eastern Canada. And this coincides with an unusual serious western drought.

Big Five Hit

Five of our leading industries have been most seriously affected. Agriculture, of course, has borne the brunt of the loss. But in addition milling, packing, and butter and cheese manufacturing have or will suffer in sharply declining volume of business. The fifth to be hit is transportation. The 2 main railways and the freighters on our upper lakes depend upon the grain trade for a large portion of their revenue. Such will probably be reduced by 30% below normal this season.

General Business Suffers

But in addition to these direct casualties, general business too will suffer to an enormous extent. With crops completely wiped out in the adjacent countryside, the village and town retailer is bound to suffer. So too will the wholesaler and the manufacturer behind these retailers. So too will the butcher, baker, doctor, lawyer and dentist. Later on when the collector comes around for taxes, installments on the new binder, motor car, tractor, or interest on the mortgage, he too will be disappointed.

Cost Unknown

Estimating the exact cost of such a catastrophe is impossible. Moisture which has recently fallen in both western and eastern Canada will cushion the blow. Much wheat and other spring grains, late hay and midsummer pastures, are definitely lost, but late fodder and pasture crops, some vegetables and all late fruit should come along. A great deal depends upon weather from now on as to the extent of this recovery.

Prices too will have a great influence. A 400-million bushel wheat crop at an average farm price of 60 cents per bushel is worth $240 millions. But a 200-million bushel crop at $1.20 per bushel brings the same return. Of course it is too much to expect that increasing prices will offset crop losses. Even if they did, they would not compensate the man whose fields were completely wiped out. Nor would such values benefit the transportation companies and other industries which directly depend upon agricultural production for their main volume. In any case farm costs of production for livestock, milk and meat products are going to be definitely higher.

Recovery Retarded

It will be months before anything like a definite appraisal may be made of Canada's losses in the recent drought. But no matter how much this loss may be reduced by later favorable weather, it has been sufficient to retard seriously economic recovery throughout the whole country this year.

One good grain crop this year at fair prices would have done much to put the West definitely on its feet. Six months ago the West was the only doubtful area on the horizon. Business everywhere was making rapid strides, and the only thing lacking to complete national prosperity this year was a big crop. That was promised up to the end of June. Then came the drought.

Food Shortage Absurd

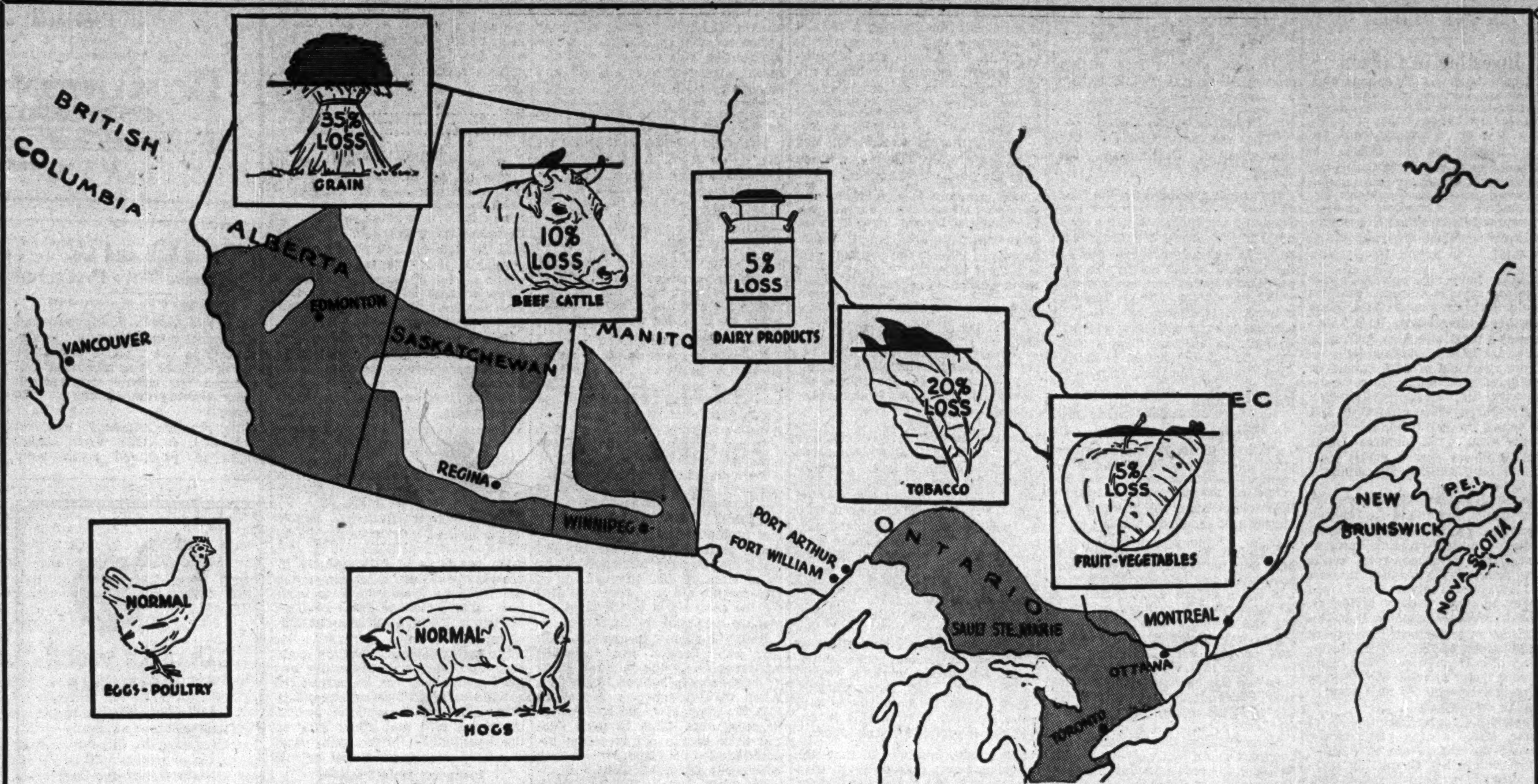
Serious as has been the crop loss this year, talk of food shortage, however, or anything approaching famine conditions is absurd. Canada is a country of surplus agricultural production. Each year sees great quantities of wheat, cattle, cheese, fruit and bacon exported. Even if all crops in the drought area were completely wiped out, and this, of course, is quite impossible, there would still be sufficient to go around and a considerable quantity to export.

Costs of production would be higher. Food supplies might have to be carried longer distances. Some sections of the country would probably have to depend upon the Maritimes entirely for potatoes. The Prairie Provinces might have to go to British Columbia for their vegetables as well as their fruit. Dairymen and livestock men in western Ontario would have to import feed, just as ranchers and mixed farmers in southern Alberta and Saskatchewan would have to either ship their animals north or bring in feed from other districts.

That is the worst that could happen.

Drought Definitely Broken

But even the weatherman does not anticipate such a development. While definitely cautioning against hopes of a wet fall, nevertheless, he predicts that the drought has been broken and much crop recovery, particularly of a fodder, fruit and garden nature, may be expected. This will greatly improve the live stock situation in both the West and East. It will also guarantee an adequate supply of milk and fruit from mid-August on in that part of Ontario which has been hardest hit.



Never before in the history of weather recording has Canada been so seriously and widely hit by drought. Shaded portions show the extent of the recent blast, since partially offset by fairly general rains. Grain and beef cattle have borne the brunt of the blow, with dairy products and fruit and vegetables less seriously hurt. The two important lines of hog production and poultry, it is believed, will not suffer except indirectly. Industrially, the railroads and the packing and milling industries will also be affected by the drought.

Five Main Lines

Canadian farmers depend upon 5 main lines for their principal revenue — field crops, livestock, dairying, fruit and vegetables, and poultry. There are other specialties, depending upon favorable locations, but of these only tobacco brought in an annual revenue of over $10 millions last year. Gross annual returns in the last 3 years have been as follows:

Main Sources of Farm Revenue
000's omitted

	1933	1934	1935
	$	$	$
Field crops	453,598	549,080	506,614
Dairy products .	176,829	133,791	191,496
Livestock	89,063	94,438	120,078
Poultry	38,080	45,515	50,434
Fruits, vegetables	33,208	43,531	49,738
Tobacco	6,531	7,232	10,763

Directly the drought has only seriously affected 2 of these lines, field crops and livestock. Unfortunately these, however, were 2 of the largest. In the other 3 losses to date are, from a national standpoint insignificant, but in all and particularly the important one of dairying, there will be very large indirect losses as a result of sharply increased costs of production.

Field Crops Hit Hardest

It will be noted that the largest and most fluctuating item is field crops. It will be here that will occur the largest direct loss this year, because the areas most affected by the drought, the Prairie Provinces and western Ontario, normally furnish over 90% of the total production.

In wheat alone the drought has already cost close to 200 million bushels. In oats, a product of the same area, the loss will be even larger.

This damage has already been chalked up. Later growth cannot erase it.

But with other field crops, notably those in the fodder and livestock feed class such as hay, corn and other feed used to produce winter beef, pork and milk, the situation is not as serious.

A fair hay crop was already gathered in Ontario before the heat wave had any effect, and assuming that the weather is going to be fairly favorable from now on there should be more hay grown before fall as well as nearly 3 months of pasturage.

Direct Dairy Loss Slight

Dairying, the second largest item in Canada's annual agricultural revenue, will probably be very little affected in so far as volume is concerned. True, the milk flow in the Prairie Provinces dropped sharply in July, and until pastures recover there is bound to remain a very low figure. There was, naturally, some falling-off in Ontario as well, though here next winter's feed was available to supplement the burnt-up grass.

But the western provinces are relatively insignificant in the national dairly picture. Eighty per cent of the country's total production is provided by Ontario and Quebec. And a good deal of the former province and all of the latter escaped. July furnishes about 15% of the year's total milk flow. Of this certainly not more than a third or possibly 5% of the country's annual total would be cut off as a result of the drought. Most of this will come out of the butter.

Heavy Indirect Loss

But there will be a very direct loss and of serious proportions in Canadian dairymen's profits. There is a good deal of winter feed consumed already as a result of the drought, and with a greatly reduced grain crop, producers of whole milk, butter, cheese and other dairy products will be forced to buy more than usual concentrated feed and fodder.

Already feed prices have advanced from 10% to 15%. With a very short corn crop in the United States there is prospect of further increases. Probably 10% will be added to cost of dairy production, with a much higher figure, of course, in the real drought areas.

Naturally, money spent on feed that might have been grown with normal weather will not be available for new cars, radios, furniture or bathrooms.

Beef Cattle Results

Annual revenue from farm animals is largely divided into 2 main sources, that from beef cattle and that from hogs. In each case this runs into the category of big business.

Total movement of beef cattle and calves last year was over 1.7 million head. This included total slaughterings, exports and also the movement of stocker cattle from the ranges to feeder. The movement last year, while heaviest since 1932, is generally regarded as normal. The three preceding years as a result of the closing of the American market in 1930 were not normal. Stocks accumulated for lack of a market. Higher prices in the United States in 1935 and the halving of the duty last January have greatly helped the situation.

The recent drought, however, which almost completely blanketed the beef areas in both east and west will have a most serious effect. It may not reduce the number of cattle marketed. Indeed, where feed supplies have been wiped out the movement may actually be increased for the simple reason that farmers will have no alternative but to liquidate starving stock. But in tonnage of meat marketed and particularly in quality, it is estimated the recent heat wave has cost Canadian beef cattle producers something in the neighborhood of 10%. Improving prices, of course, may help to offset that loss, but they can have little effect on volume, and where there is little feed available, not very much on quality.

Hogs Unaffected

Last year Canadian farmers marketed almost 3 million hogs. This is considered about a normal movement. Here the drought is expected to have little or no direct effect. Hogs, unlike cattle, require little or no water and practically no rough feed of the fodder class. They are almost entirely consumers of grain. Such feed can, if necessary, be moved cheaply into hog districts, and as this class of livestock has been by long odds the most profitable in the last 5 years, even in the dried-out districts, it is expected farmers will make every effort to maintain their holdings.

There will, of course, be a considerable indirect loss as a result of the higher cost of production. Naturally the man who has to import all of his hog feed cannot realize as much profit as the one who is fortunate enough to grow it. Then again in the drought districts, during July at least, there was a very serious falling-off in the supply of skim milk and whey—hog feed, a by-product of the butter and cheese industry.

Poultry Also

All that has been said of hogs will likewise apply to poultry. Here again there is no problem, at least no serious problem, of hauling water. With a hundred head of cattle and no water within 5 miles, a farmer might easily spend his whole time hauling water.

But with poultry and hogs this problem hardly arises. Again like hogs, the poultry industry, which is largely dependent upon egg production for its revenue, has been profitable during the past few years. Every effort will be made to maintain holdings, and no decrease in production is expected. There may be, however, an increase in cost of production, particularly on those farms where feed has to be purchased.

Main Fruit Uninjured

With some of the berry crops completely wiped out, and with vegetables drying up long before maturity in the drought areas, the average observer might conclude that the end of the world has come for the fruit and vegetable grower. But nationally speaking, this industry has not been seriously affected.

Two of the main fruit belts, that of the Annapolis Valley in Nova Scotia and the interior valleys of British Columbia, have largely escaped any heat wave. In any case, drought would not be a factor in most of the orchards in B. C. as these are irrigated.

Moreover, the late fruit crop in Ontario, that is pears, plums, peaches and apples, will, with favorable weather from now on, show very little injury. The same will apply to late vegetables and will also apply to the important potato crop in the Maritime Provinces. The drought missed the latter area entirely, and by now growth has proceeded to such a degree that fair production at least is certain.

It is, of course, very difficult to make anything like an accurate appraisal of damage in this line because the late crops are still far from maturity. Everything will depend on August weather. The most serious loss, to date has been felt by gardeners in the thickly populated portions of western Ontario and by producers of the early canning crops in the same province.

Tobbaco Loss 20%

Ontario's flue-cured tobacco crop which is grown on a very restricted acreage about midway along the north shore of Lake Erie was caught right in the centre of the eastern heat wave. Although essentially a warm weather plant, a week of 100 degrees temperatures proved too much even for this import of the south. The last few days of the extreme heat saw prospects wither probably as much as 25%. Of course, later growth will tend to offset some of this damage, but it cannot completely erase it. The leaves which would normally develop most size during the early part of July were naturally smaller than those produced earlier and it is hoped also than those still developing.

His Job is to Create Jobs

By FLOYD S. CHALMERS

A few weeks ago, Prime Minister King and his Minister of Labor, Hon. Norman McL. Rogers, appointed a National Employment Commission to do, chiefly, two jobs:

1. To give relief businesslike administration and eliminate possible waste;
2. To organize a nation-wide effort to re-employ those now without jobs.

Since then little has been heard of the Commission. But it has not been idle. Rather it has been exceedingly busy. A vast amount of preliminary organization work has been got through, policies worked out, plans laid.

Throughout the country, many people argue that the commission has taken on a task too large for any quasi-public authority; that its effort must be marked by lack of results. "You cannot end racketeering in relief" and "You cannot create jobs except by letting nature take its course," these critics say. Undoubtedly the commission has a large job ahead. But it has broad powers and it numbers some very able people.

Prominent Canadians Serving

There is Prof. W. A. MacIntosh, of Queen's. Not the traditional pipe-smoking academician but a practical-minded economist, a clear, sane thinker and a most prodigious worker.

There is Tom Moore, carpenter by trade, labor's best public relations counsel. Canada's most experienced "commission man"; an honest, sincere, middle-of-the-road fellow of great common sense, known in every part of Canada and respected by employers and workers alike.

There is Mrs. Mary Sutherland, a prairie newspaperwoman now living in British Columbia.

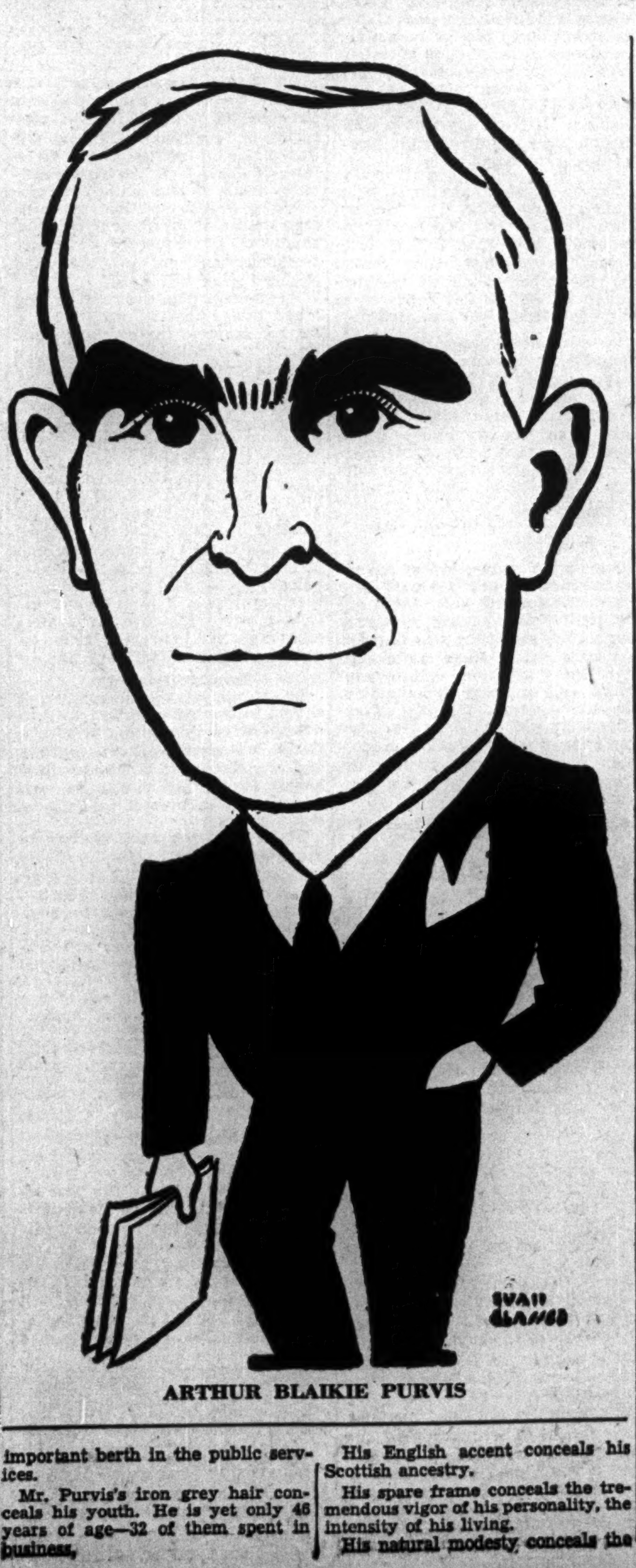
There is Ed. J. Young, whose ability to reduce intricate problems to a didactic simplicity rivals that of Henry Ford and Sir Norman Angell, and whose dissentient Price Spreads Report is already a classic in Canada's business literature.

There is A. H. Marois, a quiet, competent French-Canadian manufacturer who has demonstrated his acumen by keeping his company afloat in the wreck-strewn boot and shoe industry.

From the Maritimes there is A. N. McLean, former bank manager and at present a successful packer and exporter of sardines, noted too for his insistence that there is somewhere—and he thinks he knows where—a monetary cure for the depression. That makes six.

Purvis is Keystone

No. 7, and the keystone of the arch is Chairman Arthur Blaikie Purvis, of Montreal. With Mr. Purvis to head up the commission, those who know of his amazingly successful career in business have faith that a big job is going to be well done. Unfortunately, the story of Mr. Purvis's career is not well known. It should be; the people have a right to know all about a man holding such an important berth in the public services.



ARTHUR BLAIKIE PURVIS

Mr. Purvis's iron grey hair conceals his youth. He is yet only 46 years of age—32 of them spent in business,

His English accent conceals his Scottish ancestry.

His spare frame conceals the tremendous vigor of his personality, the intensity of his living.

His natural modesty conceals the fact that his business career has been one of romance and adventure on four continents.

Only 12 years a resident of Canada, Mr. Purvis has already become one of Canada's most important spokesmen for industry; industry not in the sense of a collection of factories but as the communal interest of workers, investors, consumers, employers and the state.

It is easy to point to two chief reasons why Mr. Purvis, with some logic, was chosen for the responsibility of bringing order out of relief chaos, and employment to the bread lines. One is his liberal, human social philosophy, as expressed in various addresses to business clubs and association meetings. Another is his equally forward industrial policies, expressed in the practices of the company of which he is the president and managing director, Canadian Industries Limited.

Loyal to His Employees

Those who work for and with Mr. Purvis in that company hold for him a most intense loyalty which is but the reciprocal phase of the loyalty he himself holds for the men who are part of the company as workers, salesmen, office employees, etc.

An eager intensity is Mr. Purvis's outstanding quality. He never toys with a problem; but grasps it firmly, seeks to study it out and, if possible, to solve it quickly. It is a quality that showed up early in life; even when at the age of 14, he got his first job and began to work nights to learn more about the business he was in than he could learn during the working day. The boy was father to the man. Mr. Purvis has lived and worked intensely throughout his whole life.

Scottish Ancestry

Arthur Blaikie Purvis was born in London, England, of a long line of hardy Scots who came from Perth.

Purvis's father was a businessman who taught his son, by means of games, the things that really matter in life. The father died at the age of 46, when Arthur Purvis was 13. This put the son under the early necessity of earning his own living. He had just won a scholarship that would have seen him through his education but it was not possible to take advantage of it. He had to go to work.

First he sought advice from an uncle, who had a rather prosperous business of his own. There may have been some lurking thought in Purvis's mind that his uncle would send him back to school. But the uncle was wise; he knew that it was best for the boy to begin to face life; he was confident too that the boy was capable of doing it. He suggested to his nephew that he answer the advertisements until he found a job. One morning there were 3 replies in the mail. Each asked young Purvis to call.

Lands First Job

Making his calls, he met a hardy Scot at the head of the British Transvaal and General Financial Company and was hired as a junior at 10 shillings a week. The staff was hard-worked, the business far from prosperous, things not obvious to a boy eager to learn and willing to work. He learned typewriting by volunteering to do letters for one of the staff. He found that the accountant came back at night to work on the books. He, too, asked for permission to come back at night. Together the man and the boy posted figures and added up columns by gaslight.

A friendly fellow, the accountant put down his pen one night, looked straight at Purvis and said, "Young man, this firm is going to fail within 2 weeks. I suggest you go out and get another job."

He gave Purvis a card to a friend in another office.

The next morning Purvis left his 10 shillings a week job, walked out into the street with his letter and got another job at 15 shillings. In doing so he stepped on the stage of Romance. The tang of the near East, a suggestion of adventure with caravans and river boats, the smell of spices pervaded the new office. An Irish-Armenian — curious mixture —headed the firm. Its business was to run steamers on the Euphrates, Tigris and Karun rivers; to collect tolls on the caravan roads of Persia; to deal in sesame seed, gum tragacanth, gum arabic and such articles of commerce which had, up to that time, been mere phrases from the Arabian Nights to the 14½-year-old junior clerk.

It would have been a most unusual and valuable experience for any boy. Not only was Purvis brought into intimate touch with export and import trade but he began to see something of the workings of the British foreign office with which the firm had of necessity to maintain close connections. The Irish-American was an authority on the near East; second in that respect, people said, only to George Nathaniel Curzon.

Found Romance in Work

Offered a 50% increase in salary, Purvis gasped and grasped at the job. The sheer romance of the business made him want to stay. He became correspondence clerk. The first cable he decoded reported that one of the company's steamers had been fired on, and seized by the Arabs. And he helped to code a reply after the foreign office had been consulted. Of that reply one feature irked him, as it would any Scot. The ordinary cable codes used one word to take the place of 3 or 4. The code used on this occasion and others of equal importance used 3 words to take the place of one.

So, for 4½ years, he worked for the Irish-Armenian who traded among the Arabs. Then one day he knew it was time to leave. For the chief invited him to be his private secretary. Purvis knew his day was up. The Irish-Armenian could get along well with anyone except his secretaries. A constant procession of them had passed through his office. None had tarried for long. They wanted him to answer his mail. He disliked that job. Purvis decided that he would anticipate his inescapable fate by quitting. He wrote to a friend; one of the numerous company of ex-secretaries who was now employed by the Nobel explosive people in Glasgow. The friend sent Purvis to see a youngish man—he was then about 31—named Harry McGowan. And at that point life really began for Arthur Purvis. He has been associated, one way or another, with McGowan ever since.

Today Sir Harry McGowan is, in the British chemical and explosive industries, what Arthur B. Purvis is in Canada. He is the head of the Imperial Chemical Industries, chief parent company of Canadian Industries. The meeting of Arthur Purvis and Harry McGowan was one of those incidents that have long tails of consequences.

Not Bound By Office Hours

McGowan took him to the head man in the Nobel Dynamite Trust Company, which controlled a number of explosives plants. The head man put him through a barrage of questions. He put the answers down on a piece of paper. "How long did you work at this place? How old were you when you started? How old were you when you quit?" He added up the figures and gave the young man a job, first in the South American department, then in the South African department.

Again, Purvis did not hesitate to come back at night when he was not asked, did not hesitate to do more than the task assigned to him. He studied the reports that passed through his hands; reports from agents of all nationalities who sold dynamite for the company around the fringe and in the interior of 2 continents. He thought he saw a great many things wrong with the way the business was being handled overseas. He went to his superior with a memorandum of suggestions. One day Purvis was suddenly called into the office and told to pack his bag, go to Brazil and carry out his suggestions. He was then just 21.

To Brazil he went, and spent 3½ months. His reorganization seemed to fit the needs of the local case. He was ordered to travel around South America. He spent a year visiting Nobel agencies in mining centres.

One night in Chile he received a cable to go to Medellin. He looked for it on the map. There it was, only 4 inches away. Later he was to discover that it was 6 weeks away, by steamer up the west coast, through the Panama Canal, up the Magdalena River into the jungle fastnesses of Colombia. Since then a great oil field has been developed by Canada's expansive International Petroleum Company; there are schools and hospitals and pipe lines and fine tank steamers. But then there were only dirty river boats and native guides and mosquitoes. Going up the river, his boat was stuck on a sand bank for 10 days, which was pretty dull. But in life there are always compensations. The boat that followed, carrying his instructions, got stuck on the same sand bank for 3 weeks. So in the heart of Colombia, Purvis rode horseback across country day after day, putting bronze on his skin and muscle under it.

South America was a great adventure for a young man, a great responsibility too, but there was more adventure and more responsibility to come. After a few months in Scotland he was sent to South Africa to inspect the company's agencies there. His visit took him to the Rand gold fields at Johannesburg, up to Rhodesia, Mombassa, Zanzibar and the Nile. He arrived back in England in the spring of 1914, 24 years

(Continued on page 13)

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp must be enclosed. Address The Financial Post, 481 University Ave., Toronto.

John A. Lang & Sons

Please advise what you think of the shares of John A. Lang & Sons, Kitchener leather firm, as an investment at $12 each.

As shown in the prospectus, the past record of John A. Lang & Sons is good, especially as to earnings over the last 10 years. The book value of the shares is only about $6 each, but with earnings for 1935 over $1 a share, and on the basis of a 70-cent dividend, the price of $12 a share does not seem out of line with stock exchange securities.

Management of the company under Joseph H. Lang is understood to be efficient, in fact, Mr. Lang is apparently the keystone of the business. It might not be easy to replace him in case anything happened. The company's tariff protection, we understand, runs up to about 15% on some lines. The capitalization is clean-cut, and the risks in the investment seem to be the ordinary risks of almost any business.

Taplin Preferred

Do you know of any market for first preferred shares of Taplin Natural Tread Shoes Ltd.?

There is no market for shares of Taplin Natural Tread Shoes Limited, so far as we know. We would suggest that you write to the company at Toronto and see whether it is possible to arrange a private transaction.

Inflation Hedges

I am somewhat puzzled as to how to regard gold stocks as hedges against inflation and rising cost of living. I suppose the high yields available should safeguard against rising costs of gold production, but are well-established gold shares protection against inflationary trends? I have also considered buying base metal shares but Nickel at $50, with its high capitalization, seems dangerous. Noranda with both copper and gold seems to me to be more attractive.

Yields on dividends from established gold mines should be regarded to some extent as return of capital rather than as a hedge against inflation. The rise in the price of gold has extended the life of the mines as well as increasing profits enormously. Nevertheless, every mine some day comes to the end of its reserves of ore. Gold is not a necessity of life but as long as the world is willing to buy it in huge quantities it represents some hedge against inflation in that costs of the mining firms may only rise very slowly. You should have in mind the tendency to mine lower grade ores thus taking the peak off the increased profits. While this extends the life of the mines, it may lead to some disappointment among stock market speculators.

International Nickel and Noranda, of course, rank among the foremost base metal mines, and are regarded by investment trusts as good hedges against rising price levels. You don't mention Consolidated Mining & Smelting Co. or Hudson Bay which stand to benefit from rising metal prices. Among the gainers from higher base metal prices would be some mines that have been shut down or which are coming into production.

Laura Secord

I have often been tempted to buy Laura Secord common shares but it seems to be in the luxury goods class and therefore too high. Do you think this is right?

What you say about Laura Secord Candy Shops distributing luxury wares may be true, but it has not stopped the company making profits and paying dividends. In 1929 sales were $2.3 millions, and for the last 3 years they have been about $1.6 million annually. Figuring on the present capital of only 57,500 shares, earnings reached a peak of $6.60 a share in 1929-30, compared with $3.95 a share last year. The dividend has continued at $3 a share, the yield being only 4.3% at $70 a share.

The net equity per share worked out last year at $37.95, including holdings of over $1.6 million of government bonds from which interest amounts to more than one-third of the dividend. In view of the record and the strong position, there are possibilities of eventual increase in the dividend and meanwhile the bond holdings lend stability to revenues.

Loblaw Value

Loblaw class A stock seems to me to be about the best stock in the merchandising line, but do you not think it is about high enough?

Loblaw Groceterias Co. continues to make progress. The latest year's earnings were equivalent to $1.11 a share compared with $1.08 a share in the 1934-35 year. The market value of about $21 a share shows an income of about 4¾% which is not high but obviously reflects opinion that eventually higher income may develop from the shares.

The market value compares with a net equity of $12.69 a share. Adding 10 times the dividend to 5 times earnings and one-quarter of working capital per share, a valuation of about $17 a share is reached. While the class A is preferred to the extent of a 50-cent dividend annually, this preference is not of major value as long as earnings are maintained, and you could get the same income by buying class B shares for about $19 each.

Investing in Canada

I hold American Telephone and Telegraph common on which my income is about 4.7% after allowing for exchange risks and the new tax on dividends paid to non-residents of the U.S.A. I would like to switch to Canadian investments of similar grade, such, perhaps, as Canadian Bank of Commerce or Canadian General Investments where the yield would be higher. What are your ideas on this?

You do have some exchange risk since you live in Canada, but you should also remember that there have been times when U. S. funds were at a premium. Also A. T. & T. shares are highly marketable.

Your net yield of 4.7% cannot be considered unfavorable, in comparison with higher quality Canadian utility shares. For instance, at 146, the return on Bell Telephone stock is only about 4.1%. Montreal Light, Heat & Power shares, at 31, yield slightly over 4.8% on the dividend of $1.50 per share.

Canadian Bank of Commerce, like other banks, has found its revenue decreasing, partly because of heavy holdings of low-yielding government bonds. Consequently, banks have reduced the savings interest to 1½%, which gives them more leeway to cover present dividends. If bank revenues were to start rising, from an increase of loans, there would seem to be attractions in shares at current prices. The Commerce is trying to achieve something along this line by its new plan of loans to individuals.

Canadian General Investments, of course, offers a high yield, partly because the shares are not listed, and therefore not as quickly marketable as other securities. At $8¼ a share, the stock is selling at only about two-thirds of the actual net equity at market values. That is, for $8¼ the investor buys an interest in a group of securities selling close to $12, giving a broadly diversified investment in Canadian recovery.

Abitibi

There is a report that the St. Anne mill of Abitibi Power & Paper Co. will reopen this fall and I would like to know whether this indicates a strong recovery for the company.

Abitibi has been considering the reopening of the St. Anne mill which has been closed for some years. The question involves the steady increase in the output of paper in Canada and the company's contract for power with Shawinigan. In 1932, the power contract was changed, with minimum requirements waived for 4 years. This waiver expires in September, 1936, so that Abitibi may be faced with the problem of paying $375,000 a year for power, which can only be used by reopening the mill.

As you may know, production of newsprint has been rising steadily, and Abitibi is one of the few companies that is not operating pretty close to capacity. Recently, the company opened a second unit at its mill at Pine Falls, Manitoba. This increase in output, however, may be only temporary. While the company has had some improvement, it is some distance from earning reasonable returns and it remains in receivership.

Rackets

Reloading With "Rights"

RE-LOADERS" are at it again. From Toronto and Montreal warnings are being issued by Better Business Bureau against the attacks of high-pressure, unscrupulous "salesmen" who have developed the "re-loading" game to the point of science.

Usually, the method of operation is an extremely optimistic statement by the salesman regarding a company whose affairs have been anything but successful. New money, new management and new properties in the case of mining concerns, are held out as the bait to intended victims, who are holders of stock in the more or less defunct company.

Their shares worthless, many of these people are offered so-called "rights" to acquire stock in a new company to be formed on the wreckage of the old.

* * *

Doubtful Philanthrophy

WE FEEL it our duty to take care of our old shareholders before anyone else has a chance to participate in the new company" is a favorite piece of apparent philanthropy used by the racketeer-promoter.

The victim, intrigued by the thought that after all, his stock may prove to be worth something, is told that as a shareholder he can buy stock "below the issue price."

Which merely means that the use of the old shareholders' list as a source of revenue is good for a substantial sum in the aggregate, to the new promoter.

Rights to purchase stock may be given to shareholders under entirely legitimate circumstances. In many cases they may have a definite value, and are traded on stock exchanges as "Rights." But unless the shareholder makes enquiries regarding the actual value of rights, before exercising the supposedly valuable privilege, he may find that he is merely the victim of one of the oldest tricks known to the "re-loading" fraternity.

Scarborough Bonds

What are the prospects for my township of Scarborough 5% bonds?

Refinancing scheme for the funded debt of the township has been drawn up and submitted to the bondholders' committee, and this should result in a possible improvement in the position of the bonds. To date no details have been made public with regard to the refinancing scheme, so that we are not in a position to say whether interest will be reduced, although this is probable. The bondholders' protective committee and the fiscal agents both hope to have the plan completed in the near future.

Mercury or Massey

Will you please give me information about Mercury Mills bonds as compared with Massey-Harris? In view of the probable collection difficulties facing the latter, is the interest on the bonds safe?

Earnings of Mercury Mills Ltd. have been unimpressive. Last year, however, bond interest was earned 1.48 times before depreciation and .23 times after this charge, which is the best showing since 1929. Working capital of $495,000 at the end of 1935 showed very little improvement over 1934. The past experience and the tariff problem are not very encouraging. All this is reflected in the current price of about 61.

Massey-Harris Co., of course, has had serious difficulties, but earned its bond interest 1.84 times before depreciation in 1935, and .93 times after this charge. Negotiations are now going on to adjust the deferment of sinking fund payments, which have not been made since 1932. You mention the Massey-Harris problem of collections. Last year the company showed net working capital of $18.6 millions, whereas there are only $8.7 millions of the 5% bonds of 1947 outstanding. Even with the crop damage that there has been this year, Massey-Harris appears to have made allowance for the worst of its collection problem. The price of the bonds, about 91, indicates doubts of investors but interest payments now appear less uncertain than they did in the depths of depression. And although this begins to look like a poor year the company has demonstrated ability to recover earnings promptly with any improvement in agricultural conditions.

Planning Purchases

I am intending to invest about $5,000 in about 50 well-selected securities in these proportionate amounts:

Government and municipal bonds	10%
Preferred stocks	10%
Paying common shares	10%
Near-paying common shares	5%
Low-priced common shares	5%
Real estate	10%
Paying mining shares	20%
Near-paying mines	15%
Near-production mines	10%
Mine prospects	5%

I plan to hold for a year or two, retaining the best revenue producers, replacing ordinary producers by others, taking profits on nonpayers, still holding depreciated stocks for further recovery unless I consider it better to take a part loss instead of a total loss later. Do you consider my proportions satisfactory and do you think I can obtain an average return of 8% per annum by this method?

Your plans seem reasonable, with the possible exception of the very strong emphasis on mines, but naturally we cannot undertake to comment definitely because your proposals are hypothetical. For one thing, you might be inclined to change your plans due to a change in psychology, after making commitments. If you can get an average return of 8% per annum with safety, you would be very fortunate. You must remember that mining dividends must, to some extent, be considered a return of capital, and after allowing for this you would do very well indeed to get a return of 6%.

Canadian Utilities

Please give me your views and information on Canadian Utilities 5% bonds which cost me 95 not long ago. They will now bring only 91 and I wonder why they are down when most other bonds have been rising. Are they earning the interest?

Canadian Utilities 5% first mortgage bonds due 1955 were issued to take up bonds of Union Power Co., which was acquired. The company now serves 85 communities in Alberta and Saskatchewan. Electrical revenues exceeded $1,000,000 in the year ended Aug. 31, 1935. Most of its franchises expire in the next few years, but are renewable.

In the last 3 years interest has been earned from 1.06 to 1.10 times after depreciation. One reason for difficulty of maintaining a market is doubtless that the enterprise is partly in the Alberta area of political unrest, whereas the bonds are held mainly in eastern Canada. There are no regular monthly or quarterly reports given out concerning operations and therefore public interest is not as well maintained as in large utility companies which keep the public well advised.

The company is a subsidiary of Dominion Gas & Electric which is a subsidiary of International Utilities. Important interests are therefore concerned to keep the company successful, if possible. They appear to think well of the prospects.

Royalite Oil

Will you give me the past record of Royalite Oil and some indication of the future possibilities of the company's shares as an investment?

In 1935, Royalite Oil's net earnings amounted to $1.6 million, compared with $1.7 million in 1934. After allowing for depreciation, depletion and income tax reserve, the 1935 net profit was $738,000 compared with $811,000 in 1934. Total dividend payments in 1935 at $1.50 a share were $1,046,000, compared with $832,000 in 1934. Consequently, there was a deficit for 1935 of $308,000, compared with only $21,000 in 1934. The company has an accumulated surplus of $2,361,000, however, represented to a large extent by over $2 millions of Dominion of Canada bonds. Obviously, the strong working capital position, and the large surplus, would enable the company to continue payment of dividends in excess of net profits for some years.

Our understanding is that the company hopes eventually to earn the rate of $1.50 a share, and that for the present it is willing to disburse substantial dividends because of the large liquid funds on hand. The company's earnings over the past 7 years have run as high as $2.32 a share, but dividends are now at their highest regular level. Over the past 7 years, the shares have fluctuated from $4 to $200 a share compared with the present price of about $30. Part of the dividend must be regarded as a return of capital from wasting assets, but the life of the enterprise may be greatly extended if some programme of conservation of Turner Valley gas is adopted. If the life of the field were definitely extended in this manner, the current yield of 5% on the shares may not be unreasonably low.

Western Steel Products

I have some Western Steel bonds and I understood there would be some sort of reorganization plan announced last May, but nothing has been said nor has the 1935 statement been published. I understand bondholders may have to accept about 80% of new common stock in satisfaction of claims and that the preferred would get about 20% which would not appear such a good deal for bondholders. Is there any reason why bondholders could not start foreclosure proceedings?

There is a bank loan for about $1 million involved in the Western Steel situation and this would undoubtedly be a snag in any foreclosure proceedings. The reason the 1935 statement and the reorganization plan have not appeared is that there have been legal delays.

In view of the experience of the company, it appears that there is only an equity in the enterprise for all concerned. Even foreclosure would give bondholders nothing more than sole ownership which could be gained only at considerable expense and subject to the bank loan. There would also be the question of whether a scattered group of bondholders could provide satisfactory management.

Our understanding is that the reorganization proposals would give bondholders about 85% of the entire equity. It is usually necessary in these things, for the sake of peace and economy, to make concessions to ordinary creditors and to preferred and common shareholders. The courts uphold this sort of arrangement and the 15% for these interests would be a small concession. It would seem good business to avoid costly litigation in this manner.

The Woman Investor

Investing for the Family

FINANCIAL provision for the education of children looms large among investment problems.

Typical is that faced by a widow, resident in Ontario. She operates her deceased husband's business, but the income does no more than provide for maintenance of her home and children attending high school. She wants them to have a complete education, including university, and she will shortly receive $10,000 in cash from her husband's estate.

Since she is past middle age, and the future earnings capacity of both her husband's business and her own efforts are problematical, the answer to her problem lies in the wise investment of the cash she will shortly receive.

Her case is one in which a Dominion government annuity appears to fulfill nearly all requirements. She can purchase an annuity of this type to give a substantial income at once, depending upon her age. She can, for example, buy a 15-year guaranteed income which will provide for educational expenses of her children, and if she lives to an advanced age she will still receive regular payments.

Liquid Securities

NOR does she need to place all her $10,000 in a government annuity. By using a part of the sum in this manner she would be left with funds for investment in liquid securities, readily marketable in case of emergency.

Probably the most desirable type of liquid securities for a woman in her position would be Dominion government bonds, but since income returns from these are extremely low, she might diversify to the extent of buying railway, utility or corporation bonds.

She could, in this way, secure a higher income yield by purchasing such securities as C.P.R. 3½'s of 1951 which carry a conversion privilege of possible value. Or she might purchase Union Gas 4's or Shawinigan 4's for around 100 or possibly less.

Further diversification is possible in purchases of a minor quantity of stocks of the type of Southern Canada Power 6% around $100, Montreal Power around $31, or Canadian General Investments common around $8, giving her yields of 5% to 6%.

Her annuity remains, however, the backbone of her investment, and she would be unwise to place more than a small part of her fund in stocks since her future rquirements are of a character that preclude quick changes in her investment position in the event of sudden adverse market developments.

STOCKS LISTED AND UNLISTED BONDS
Hambly, Peaker & Trent
Members
THE TORONTO STOCK EXCHANGE
613 DOMINION BANK BUILDING
TORONTO
Elgin 3294

Newsprint Securities (No. 3)

Donnacona Paper

Mortgage Bonds Hold Out Prospects of Capital Gain and Large Yield — Leverage Present to Add Greatly to Earning Power

From Our Own Correspondent

MONTREAL.—After a lapse of more than 4 years Donnacona Paper Co. will commence regular interest payments on its first mortgage bonds on August 1, covering the half year period commencing February 1. The distribution will conform with the recent reorganization plan and amount to 1½% or $98,760. On the present market value of the bonds of around 72-73, the straight yield on the 3% basis is 4.15%.

This yield is not especially attractive either from an investment or speculative point of view, but if developments proceed along anticipated lines, in 2 years time the plan calls for a coupon rate of 4½%, giving a straight yield on present prices of 6.25% and a yield to maturity of 7.15%. Such a potential return naturally is attractive in the light of current interest rates and for that reason the company's first mortgage bonds are regarded with interest.

Past Record Good

Donnacona Paper is not a major newsprint producer. Its plant is capable of turning out about 72,000 tons of newsprint annually. It has another string to its bow as, in 1930, it built a rigid insulating board mill, with an annual capacity of 15,000 tons.

For a period of nearly 20 years this company was classified as one of the sounder of the smaller paper companies. Debt obligations were met promptly and substantial dividends paid. For example in 1928 when the company was acquired by Price Bros. & Co. on payment of $110 for the old preferred and $100 for the common, a dividend of $12 a share was paid on the latter.

With the change in ownership in 1928, capitalization was increased substantially, while annual fixed interest charges jumped to $625,000. When earning power collapsed in 1932, the company found it necessary to reorganize. This brought control back to the old interests; reduced funded debt from around $10.5 millions to $6,584,000; cancelled interest from Aug. 1, 1932 to Feb. 1, 1934 and put charges in the next 2 years on an income basis, after which they became fixed.

Over the Worst

Since then there has been an improvement in the financial position, in face of lower values for newsprint and limited volume of business. The trend of gross earnings follows:

	$
1931	434,879
1932	275,474
1933	150,308
1934	206,522
1935	207,076

Improve Financial Position

Despite restricted earnings in the last 4 years, there has been a sharp reduction in bank borrowings, while the working capital position has changed from an excess of current liabilities over current assets of $701,129 to a favorable surplus of $733,175 as follows:

	Bank Borrowings $	Working Capital $
1931	750,000	*701,129
1932	184,500	387,607
1933	......	543,603
1934	100,000	705,618
1935	109,501	733,175

*Excess of current liabilities over current assets.

Lower Fixed Charges

While the company's position was strengthened during this 4-year period of rehabilitation, it was felt that payment of the 5½% fixed interest charge on the first mortgage bonds would unduly impair working capital position, as earnings were still insufficient to cover payment. Consequently a further reorganization was proposed and put into effect last April.

The second plan provided among other things that in return for a further share in the common stock equity, the bondholders would waive accrued interest charges amounting to $628,223, accept payment of 3% for the year ended February 1, 1937; 4% during the following year and 4½% thereafter to maturity.

Bond interest at the new rate of 3% amounts to $197,520 annually; $263,360 at 4% and $296,280 at 4½%. Net profit for 1935 was $207,076, indicating that interest at the reduced rate was earned without provision for depreciation and depletion, which amounted to $147,891. Obviously then earnings will have to increase to take care of the advance in interest charges and to provide for necessary depreciation and depletion.

Tonnage Moves Up

In considering this possibility, it should be remembered that with its newsprint mill operating at a relatively low percentage of capacity and with contract prices at their lowest levels, Donnacona has naturally had subnormal earnings in recent years.

There has been an improvement in demand for newsprint, as shown in the following table, but the increase up to last year had been offset largely by higher costs. However, at the beginning of 1936 there was a price increase of $1 a ton on newsprint which should have a beneficial effect on income.

	Ratio of Operations	Approx. Tonnage
1932	33.4%	24,000
1933	29.7%	22,000
1934	44.1%	32,000
1935	49.6%	38,000
1936	50-60%	*45,000

*Estimated.

Valuable Board Mill

At the same time operations of the board mill should not be overlooked. This unit was brought into production in the early part of the depression and to date has not had a fair opportunity to demonstrate earning power. There is no indication in the annual financial statement as to the proportion of revenue received from this subsidiary, but in view of competitive conditions, it is assumed profits are small in comparison with output. However, demand for "Donnacona Board" has been increasing rapidly and for this year will likely establish a record. With an increase in price for this material, the company has a potential source of important revenue. Production tables show:

	Square Feet
1933	12,000,000
1935	25,500,000
1936	30,000,000

Small Debt Charges

One of the bright spots in the Donnacona picture is the relatively small bonded debt—only $2,860 per ton of daily newsprint capacity. If consideration is given to the board mill the debt per ton would be appreciably less. Consequently the profit per ton of output to cover interest charges is a great deal less than for the majority of other companies in the same field.

The following table shows this more clearly. It is important to note that no consideration is given to the board mill. The figures shown apply only to income from newsprint operations:

Earnings from Newsprint Operations Necessary to Cover Full Bond Interest Payments

(Operating at 100% of Capacity)	
$2.74 a ton to cover	3% rate
3.68 " " " "	4% rate
4.11 " " " "	4½% rate
(Operating at 50% of Capacity)	
5.48 a ton to cover	3% rate
7.32 " " " "	4% rate
8.22 " " " "	4½% rate

On the basis of full capacity in both the board and newsprint mills, the company would have to earn only $2.27 a ton to meet interest charges of 3%, or $5.48 a ton at 50% of capacity.

These fixed charges are very moderate and there are reasons for believing that they can be earned by a wide margin. For example, last year with 50% operations in the newsprint mill and about 80% in the board mill, the company was able to show $4.31 per ton of output.

Prospects Hold Promise

Prospects of the company increasing production and earnings, not only to meet expanding fixed charges but also to cover depreciation and depletion, are regarded as favorable, for the following reasons:

Demand for newsprint keeps on increasing and the ratio of operations at the Donnacona plant should be stepped up—only a very little additional tonnage would be needed to give the company an operating ratio of 75% or better.

Price of newsprint was advanced $1 a ton at the beginning of 1936 and prospects of a further increase —$2 to $3 a ton—are favorable for 1937.

With an increase in operations, costs should be further reduced; thus increasing the margin of profit on newsprint output.

Current figures on board sales are the best in years—in view of brighter outlook for building trades, sales should continue to expand with a stiffening of prices.

Canadian Pacific Express
Travellers Cheques
Are World Currency
Carry them on your next trip and be assured of travel comfort.
Get them from any agent of the Canadian Pacific & most Banks

Ontario Steel Products Pays $1.75 on Preferred

A dividend of $1.75 per share has been declared on preferred stock of Ontario Steel Products Co., payable Aug. 15 to shareholders of record July 31. This payment will leave the preferred stock in arrears 25¼%.

This is the first payment since Aug. 15, 1935, when $1 a share was paid on the preferred. Previous to that, dividends had been paid regularly from 1913 to 1932 when they were discontinued.

The current payment of $1.75 a share reflects greatly improved earnings in the last 2 years. In the year ended June 30, 1935, earnings were $3.58 a share on the preferred, compared with only 15c. a share in the preceding year.

Insulating Board Sales Far Ahead of Last Year

MONTREAL.—Sales of rigid insulating board were 3.8 million sq. ft. in June. This is in contrast to 2.7 million sq. ft. for the same month a year ago.

In the first 6 months of this year, sales have aggregated 17.5 million sq. ft. This is the largest reported in several years and compares with 11.9 million sq. ft. for the first half of 1935.

For Investment of August Funds
A particularly attractive selection of Corporation Securities is listed in our August folder, and in addition a wide choice of Dominion, Provincial and Municipal Bonds.
DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

J. S. Mitchell and Co. Cancels More Preferred

From Our Own Correspondent

MONTREAL.—J. S. Mitchell and Co., hardware and mill supplies distributors in the Eastern townships area of Quebec, has redeemed and cancelled 240 shares of preferred stock, leaving outstanding 2,786 shares.

The present company was incorporated in 1923 when 10,000 shares of preferred stock were issued. Up to the end of 1935, 6,974 shares had been retired.

CANADIAN STOCK INVESTMENTS
Individual situations of interest are periodically reviewed by this firm. No obligation will be incurred by requesting that these reviews be mailed to you as issued.
Greenshields & Co
Members Montreal Stock Exchange
Montreal Curb Market
507 Place d'Armes, Montreal
TORONTO OTTAWA QUEBEC
SHERBROOKE
59

THE LONDON AND WESTERN TRUSTS CO. LIMITED
Established 1896
Executors, Administrators, Etc.
Offices at: London, Toronto, Windsor
Winnipeg, Vancouver.

Woven into the SOCIAL FABRIC OF CANADA
Like a strand, intricately woven, the Canada Permanent Mortgage Corporation is an integral part of the whole social fabric of Canada. For 81 years it has been a vital factor in community development throughout the Dominion. It has proved a dependable guardian of Savings, has promoted confidence and encouraged national thrift.
FOUNDED 1855
CANADA PERMANENT Mortgage Corporation
HEAD OFFICE: 320 BAY ST., TORONTO
ASSETS EXCEED $69,000,000

CHAMPION MORTGAGE
CORPORATION — LIMITED
EDMONTON VANCOUVER
CALGARY VICTORIA
SASKATOON REGINA

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Beaupré, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Don't Miss It!
Your Money Plain Facts in Plain Words by Sir Norman Angell
SIR NORMAN ANGELL'S notable series of fifteen articles, "Your Money—Plain Facts in Plain Words," written exclusively for The Financial Post, is now available to you in booklet form.
A timely contribution to the literature of the day on the world's number-one economic problem. A valuable addition to any library. From cover to cover, throughout its 48 pages, this reprint of Sir Norman's authoritative and interesting work is replete with colorful and significant information on a subject of vital importance to everyone.
Whether you read any, all or none of these talked-of articles when they recently appeared in The Post, you should have one or more of these valuable booklets containing the complete series. The supply is limited. The demand is exceptional. Order today and avoid disappointment.
Only 50 cents a Copy!
Among the Highlights!
"Economic Ignorance Threatens World"
"The World's Chief Money Illusion"
"The Gold Standard; For and Against"
"Background of Modern Banking"
"The Social Credit Scheme"
"Money Palliative Loaded With Danger"
Etc., Etc.
The Financial Post,
481 University Avenue,
Toronto, Canada.
Send me .... copies of "Your Money—Plain Facts in Plain Words," by Sir Norman Angell. Herewith $........
NAME ....
ADDRESS ....
.... 699
(Lower prices on quantity orders of ten or more copies quoted on request)

Bank Chat

Proof of the Pudding

OUT of the haze of conflicting rumors emanating from Alberta has come the announcement by Provincial Secretary E. C. Manning that the fate of Social Credit will be determined within the next 6 months. Most observers have been of the belief that the entire Social Credit platform was predestined to failure from the beginning, a belief which has been substantiated by developments thus far.

In any event, it seems safe to predict that any dividends paid in the next half year will be very different from the munificent distribution visioned by many of the Alberta voters. Apparently the administration has come to a realization of the limited field for its programme even if the Social Credit dividend certificates were negotiable. Mr. Manning states that the initial issue "should be restricted to the purchase of Alberta-made goods." It appears to be a superfluous admonition.

One other statement features Mr. Manning's pronouncement. He says that the citizens will determine which way the die will be cast. In simple language, the government, uncertain of the outcome, is "passing the buck" to the people of Alberta; is beginning to realize the difficulties foreseen by critics of the scheme.

• • •

U. S. Reserves

THE increase in reserve requirements of member banks of the Federal Reserve System was a fundamental part of the New Deal programme in the United States, planned at the time gold content of the dollar was reduced, contends Whaley-Eaton Service. It was inherent in the administration's financial theory from the beginning, is the claim, that the heavy debt incurred from the New Deal could be controlled as to inflationary aspects by subsequent change in reserve requirements.

One of the reasons the U. S. authorities took the step at the present time is understood to have been the investment of some of the banks, eager to obtain earning assets, in industrial and other bonds —not of first grade—for which they paid too much. By some the action is interpreted as a notice to this effect in lieu of the inexpediency of issuing a public statement.

In any event, the action of the Reserve Board must be considered one of the most important developments in American banking. In effect it halves the old 10-to-1 bank credit ratio, and also almost eliminates — theoretically at least — danger of a credit panic.

• • •

Barbed-wire Phones

GRAPEVINE telegraphs may be a reality after all. After reading of the extent and organization of barbed-wire telephone systems in Western Canada, one is almost ready to believe anything.

In the July issue of the Royal Bank magazine, the Climax, Sask., manager of the bank outlines developments in and about that town. Indeed there is a private "line" between the bank and the manager's home, the line consisting of the park fence wire. The idea probably arose from farmers using fence lines as terminals for radio aerials. It was found they could speak through the loud speakers to their neighbors who happened to be hooked up to the same wire. From this developed central stations and other improvements.

Service is usually quite efficient although interruptions may occur from time to time when a cow breaks through the strands of a fence. For the most part radio receivers are used, but some have installed crude wall phones. Mouthpieces vary from funnels to old cow horns.

• • •

Sing Before Banking

ONE of the American banks has a somewhat novel method of starting the day right. Each morning the staff gathers at 8.30 to attend a service at which hymn singing is the major feature. Employees alternate in presiding at the sessions.

If it were practical, the staff would probably sing throughout the day. As it is, 3 canaries and a radio are supplied to make up for this deficiency. It may be rather difficult to carry on a "hard-headed" business to the accompaniment of soft music, but there is much to be said for any innovation which removes some of the tomb-like atmosphere from the stodgier banking offices.

It may well be imagined that selection of hymns to be included in the "matins" has been the subject of rather pointed comment. Among the many with a banking flavor which spring to mind is "See the Pennies Dropping." Some would suggest that in view of the unfortunate experience of so many of the U. S. banks in the depression that more appropriate would be "O God Our Help in Ages Past" or "Throw Out the Life Line."

TRADE WITH GREAT BRITAIN

The ramifications of the Royal Bank of Scotland throughout Great Britain and the entire World enable it to handle every description of British Empire and Foreign Banking business.

Head Office:
EDINBURGH
254 Branches in All
LONDON:
Chief City Office:
3 Bishopsgate, E. C. 2

ROYAL BANK OF SCOTLAND

(Incorporated by Royal Charter, 1727

Capital (fully paid) ....£ 3,780,192
Reserve Fund ....£ 3,857,143
Deposits £64,009,174

Associated Bank:
Williams Deacon's Bank Ltd.
(Members of the London Bankers' Clearing House)

Personal Loan Rates Calculated by Formula

Wide variance between the rate of discount nominally charged and the actual rate of interest paid on personal loans offered by the finance companies and banks has considerably bewildered a number of people. An instance of this was when the Canadian Bank of Commerce initiated its personal loan department. At that time the discount rate, calculated in advance, was stated to be 6%. Some have contended that the rate is actually in excess of 12%. The latter calculation represents the effective yearly interest rate on unpaid balances.

A formula by which the effective interest rate may "easily" be figured has been supplied to New York State banks by the State Superintendent of Banks, who insists that the rate on unpaid balances be given. This formula is

$$D=\frac{R\,(N+1)}{2M+R\,(N+1)}$$

D is the rate of discount charged, R the rate per cent per annum on unpaid principal balances, N the number of payments required and M the number of payment periods in one year.

Thus the effective yearly rate on unpaid balances of a loan for one year discounted at 6%, would be almost double that figure. Applying the above formula, D is 0.06, and both M and N, 12. Working this out by simple algebra R is found to be just about 0.118, or a percentage of 11.8.

It should be noted that the above does not take service charges, insurance or other factors into consideration, and allowance should be made for these when figuring the total cost of the loan.

Bank of Canada Weekly Statement

Changes in the Bank of Canada balance sheet in the week ended July 22 were of relatively little significance. Largest were those in deposits, although the net total showed practically no change; an increase of $2.7 millions in Dominion government deposits was offset by decline in those of the chartered banks of almost the same amount.

Balance Sheet

	July 22	July 15
Liabilities	$	$
Capital paid-up ..	5,000,000	5,000,000
Notes in circ.	100,112,845	100,411,606
Rest fund	173,092	173,092
Dep. Dominion ..	17,453,725	14,799,069
Banks	185,211,622	187,866,511
Other	563,726	513,123
Total deposits ...	203,229,073	203,178,702
All other liabs. ...	2,353,060	2,418,288
Total liabs.	310,868,070	311,181,689
Assets		
Reserve: Gold ...	179,762,721	179,910,291
Silver bullion ..	1,775,602	1,775,602
Res. in sterling .	954,138	185,361
Res. in U. S. ...	10,340,690	9,041,270
Res. elsewhere .	5,836	53,716
Total reserve	192,838,987	190,966,244
Subsidiary coin ..	236,233	232,253
Advances	3,000,000	3,000,000
Investments:		
Dom. govt. short	30,565,852	30,249,720
Other Dom. govt.	81,623,101	81,828,036
Total invest.	112,188,953	112,077,806
Premises	209,624	209,436
All other assets ..	2,394,272	4,695,949
Total assets	310,868,069	311,181,689
Reserve ratio	63.57%	62.90%

Insurance Inklings

F. S. ROGERS has been appointed city manager of the newly-formed Peterborough district of London Life. This district was formerly the Orillia district and gives Mr. Rogers charge of the industrial field staffs in Oshawa, Peterborough, Lindsay, Barrie, Midland, Collingwood and Orillia.

Mr. Rogers has been with London Life at Toronto since May, 1924. Since 1928 he has been superintendent at Toronto Danforth.

Lost Money

Uncashed Cheques Are Reported By Royal Bank

Continuing the list of uncashed certified cheques, drafts, etc., the following balances with The Royal Bank remain unclaimed.

Douglas Electric and Radio Shop, Ottawa, issued a cheque for $20.39 Oct. 26, 1927. It was never cashed and the money is being held at the head office of the bank at Ottawa.

Canadian Glass Products Co., 145 Sparks St., Ottawa, issued a cheque for $25 May 30, 1929. It was never cashed and the money is at the head office of the bank at Ottawa.

L'Hospital Generale, Ottawa, issued a cheque for $12 Dec 23, 1910. The money is at the head office of the bank at Ottawa.

Carrier and Co., 231 Maisonneuve, Hull, issued a cheque for $13.50 March 24, 1920. This money is being held at the head office of the bank at Ottawa.

Rose-Show Market, the Byward Market, Ottawa, issued a cheque for $18.84 April 13, 1923. The money is at the head office of the bank at Ottawa.

Universal Hair Goods Mfg. Co., 1,079 Bernard St., Montreal, issued a cheque for $15 Sept 27, 1916. The money is at the Van Horne and Outremont Sts. branch, Montreal.

Pure Food Stores, 960 Outremont Ave., Montreal, issued a cheque for $60 Sept. 12, 1930. The money is at the Van Horne and Outremont Sts. branch, Montreal.

The Township of Augusta, in the Prescott district, issued a cheque for $12.50 Dec. 16, 1930. The cheque was never cashed and the money is being held at the Prescott branch of the bank.

The Quebec Hockey Club, Quebec City, issued a cheque for $15 Jan. 10, 1914. The money is in the St. John St. branch.

The Miner Lumber Co. of Rawdon, Que., issued a cheque for $15. May 17, 1917. The money is in the Rawdon branch.

J. V. Richard, of Richibucto, Que., bought draft number 49,111 Sept. 20, 1927, for $14.75. The money is payable to the Brayley Drug Co. Ltd. of Saint John, N.B. The draft was never cashed and the money is at the Richibucto branch of the Royal Bank.

Emerson and Fisher Ltd. of Saint John, N.B., bought a money order for $116.47 May 21, 1930, payable to the Deutsche Bank Zweigstelle of Ohlys, Germany. The order has never been cashed and the money is held at the head office of the bank at Saint John.

Frost and Wood Co., of Smith Falls, bought a draft or issued a cheque for $84.38 (no date mentioned) which has never been cashed. The money is at the Smith Falls branch of the bank.

The Great War Veterans Association of Victoria Hall, Westmount, Que., issued a cheque for $10 June 26, 1920. The cheque was never cashed and the money is held at the Green Ave. branch of the bank, Westmount.

N. Metz, of Woodstock, N.B., later of Fredericton, issued a cheque for $275 in favor of the Provincial Secretary Treasurer (presumably of New Brunswick) Aug. 17, 1923. It has never been cashed and the money is held at the Woodstock branch of the Royal Bank. The province should be able to prove ownership easily.

Summer's Cheese Factory, Winchester, Ont., issued a cheque for $59 June 19, 1930. It is uncashed and the money is at the Winchester branch.

New Licenses

Pacific Coast Fire Insurance Co., of Vancouver, has been licensed in Michigan to write fire and inland marine insurance.

Staff Changes

The Bank of Nova Scotia has announced the following appointment:

J. J. YOUNG to be manager at Sussex, N.B., succeeding W. J. JARDINE, who has been granted leave of absence.

Weekly Bank Clearings

Halifax	2,458,484	+ 1.6	2,560,590
Saint John .	1,663,610	+ 1.7	1,748,371
Moncton	748,933	— 3.1	766,890
Sherbrooke .	551,054	+ 3.4	635,472
Quebec	3,728,640	+ 2.2	4,240,639
Montreal ...	90,577,605	+17.2	92,159,070
Ottawa	14,723,504	— 1.3	14,830,364
Kingston ...	530,568	+ 1.6	490,147
Peterborough	615,111	+ 8.8	704,582
Toronto	102,417,864	+ 7.4	105,141,210
Hamilton ...	4,395,710	+23.7	3,924,483
Kitchener ..	960,775	+ 1.6	1,030,785
Brantford ..	855,705	+ 1.9	760,597
London	2,617,086	+ 2.0	2,639,787
Chatham ...	362,407	+ 9.3	429,224
Sarnia	506,460	+ 4.3	436,742
Sudbury ...	853,187	+ 1.4	822,593
Fort William	782,409	+60.2	639,895
Winnipeg ...	49,703,770	— 4.3	69,179,604
Brandon ...	325,607	+ 1.7	265,403
Regina	2,668,606	— 1.6	3,185,534
Moose Jaw .	539,775	+ 2.6	510,871
Saskatoon ..	1,353,772	+10.5	1,328,709
Prince Albert	348,820	+ 5.8	353,788
Edmonton ..	3,686,024	— 0.5	3,369,411
Calgary	5,148,479	+ 2.0	6,749,980
Medicine Hat	291,660	+ 3.2	232,178
Lethbridge .	410,367	+ 4.4	459,035
N. W'minster	564,264	+ 1.7	582,161
Vancouver ..	18,995,558	+36.4	17,348,376
Victoria	1,744,561	+ 1.9	1,658,692

B. C. Canned Salmon

Less than 2% of all the canned salmon inspected in British Columbia during the last 3 years fell into "second quality" or Grade B classification. 7/100 of 1%, or 4,065 cases, were found unfit for market.

JOINS CROWN

Dr. J. T. M. Anderson, former premier of Saskatchewan, who has been appointed branch manager for Crown Life Insurance Co. in northern Saskatchewan with headquarters at Saskatoon.

The company has been relatively inactive in this territory for several years.

Civic Finance Has Problems For Bankers

H. L. Brittain Outlines Factors to Examine

Municipal credit should be earned by a record of sound administration and financing.

Bankers should examine the financial status of the municipality in which they are located.

These are points made by H. L. Brittain, director of the Citizens' Research Institute of Canada in an article in the July issue of the Canadian Bankers' Association Journal.

Credit Indicators

"If I were a banker," states Mr. Brittain, "whether or not my bank did business with the municipality in which my bank was situated, I would want to know, in the interests of all my clients:

"That the municipality in its annual budget made adequate provision for uncollectible taxes.

"That the municipality's budget was really balanced.

"That accumulated tax arrears were not increasing.

"That debenture debt, the charges on which were carried through taxation, was not increasing.

"That the municipality's accounts were adequate to produce the salient facts.

"That municipal reports were so prepared and set forth that these salient facts were readily available to all who wished to know."

Easy Borrowing

Pointing out that in the past many municipalities have got into trouble because borrowing was too easy, Mr. Brittain considers that the first essential in lending to a municipality is to find out whether or not it is living within its income. For this purpose an examination of annual estimates, operating account and balance sheet should be made.

A budget balanced by inflating estimates of revenue or omitting items of expenditure is not in reality balanced, he explains. For instance, if no provision is made in estimates for uncollectible taxes, it is almost certain the municipality is budgeting for a deficit. If estimates omit expenditures such as the municipality's share of direct unemployment relief because debentures are to be issued, the budget cannot be considered to be balanced.

The operating account may be such that the banker, perhaps even the municipal council and treasurer, cannot tell if a deficit or surplus resulted in a certain year. In such circumstances what should be the attitude of the banker? "Is it dangerous—dangerous to the individual," asks Mr. Brittain, "to lend money to an individual who doesn't know whether he is coming or going? Is it the duty of the banker to try to protect his client against himself or to refuse to lend even on what appears to be adequate security, if the loan may have bad effects on the client's prosperity?"

Balance Sheet Items

From the balance sheet may be obtained information in regard to tax arrears, the proportion of these to the total levy, the trend of net debenture debt and of bank borrowings. Another important factor is considered to be whether there have been bank borrowings in advance of the issue of debentures and the trend of such borrowings.

"Bankers can render a tremendous service in guiding directly and indirectly the financial policies of municipalities," Mr. Brittain concludes. "Whether or not it is their duty to do so rests with the bankers themselves. In the long run it seems to me that a positive policy in this regard will work out to the advantage of the banks themselves."

"Reforms" Planned For Bank of France

Major amendments have been made in the bill to reform the statutes of the Bank of France. The proposed amendments, introduced by the Senate Finance Committee with the approval of the government would increase the powers of shareholders, reduce the majority of government representatives on the council, and eliminate from the council representatives of private banking houses.

Under the suggested changes, shareholders, in addition to electing non-voting censors to the council would also appoint 2 active members, replacing 2 representatives from private banks. In addition, a representatve from savings banks would replace an official from the ministry of commerce. Shareholders would also receive the right to air their opinions and criticism, instead of simply attending the annual meetings of the bank and listening to the report.

Group Sales Report Gains In First Half

Many Companies Report Gain in New Business Placed

PENSIONS IN DEMAND

Group insurance sales in Canada are showing definite gains for 1936 according to preliminary figures secured from leading companies by The Financial Post.

Not only do many companies report new group contracts placed during the year to be higher than at this time last year but in addition there is a continuance of the 1935 trend toward substantial improvement in amount of coverage on existing group contracts.

Increased Interest

"There are indications that employers are showing increased interest in making it possible for employees to secure protection through group insurance during the active years of life," says an official of one leading company. "I believe that in view of this, protection to the families of employees and the low cost per thousand of insurance, that there will be a substantial increase in the average amount of insurance carried under group insurance by employees."

Another important tendency in this field is the increased willingness of employers to discuss group pension contracts.

"The general consciousness throughout this continent of the need of social security is making employers more willing than ever before to discuss the part insurance companies can play in this field," says one executive.

Some employers are inclined to wait and see what action the government will take before committing themselves to a definite plan but the fact that this subject is now of wide and general interest is of considerable importance to life insurance companies and underwriters.

Large Gains Reported

In respect of total group sales for the first 6 months of 1936, one leading company reports an actual gain of 30% in new business placed during the year.

Commenting on this increase an official of the company states: "We find that in group insurance there is considerable fluctuation. For instance, from time to time large groups are written which create considerable fluctuation for any 6-month period."

Another important company reports its Canadian group business to be $750,000 ahead of corresponding figures for the first 6 months of 1935. "A year ago at this time we had placed about $1,250,000 of new group business," says an official of this company. "Today we have over $2 millions of new business on our books. There is also considerable expansion of insurance under existing group contracts."

Still another company reports group business in force at the end of June about 10% higher than at this time last year. This reflects a marked gain in new sales and a small improvement in the amount in force on old contracts.

Inland Marine Insurers Form Controlling Body

With the object of controlling forms, rates and commissions, the Canadian Inland Transportation Underwriters' Association has been formed. Although under discussion for several years, it was only in recent weeks that the matter came to a head, and the companies came to a definite agreement.

At present it is estimated that membership includes some 40 companies writing 75% of net premiums in Canada. Officers of the association are confident that this number will be added to in the near future, claiming that inclusion of companies obtaining 90% of Canadian premium income is in sight.

The new organization covers a field not touched by the Canadian Underwriters' Association and numbers among its members both member and non-member companies of the fire and casualty association. While there is no connection with the C.U.A., it is understood that the new body is quite willing to co-operate wherever possible.

It is stated the association will function largely along the lines of the Inland Marine Underwriters' Association in the United States, having regard to differing conditions in Canada, particularly the much smaller premium income. Among the objectives listed for the association are the following: Simplification and accuracy of rating methods; adoption of suitable uniform policy forms and clauses; prevention of rebating and unfair discrimination; promotion of good underwriting practices; regulation of agency commissions.

Officers of the organization are as follows; E. W. Schauffler, Western, chairman; A. Powis, Jr., Chubb & Son, vice-chairman; F. T. Sudbury, secretary-treasurer; P. A. Codere, St. Paul, J. Jenkins, Employers' Liability, H. C. Mills, Insurance Co. of North America, G. Quirk, Aetna, and A. Tucker, Dale & Co., executive committee.

Report Increase For Industrial

Leading insurance firms writing industrial insurance in the Canadian field report very satisfactory progress for the year to date, according to information received this week by The Financial Post.

During the first 6 months of 1936, London Life Insurance Co. reports a total new volume of industrial insurance written of approximately $22.3 millions compared with $19.2 millions in the same period last year. This is a gain of approximately 16%.

From Metropolitan Life comes word also that industrial insurance sales in Canada for the first 6 months are 10% higher in terms of amount of premiums received. No figures are available from this company in respect of amount of insurance placed.

Insurance Heads To Meet in Quebec

E. Palmer and L. H. Pink to Address Superintendents

Addresses by Hon. Ernest Palmer, director of insurance for the State of Illinois and president of the National Convention of Insurance Commissioners, and Hon. Louis H. Pink, superintendent of insurance for the State of New York, will feature the 19th annual conference of the Association of Superintendents of Insurance of the Provinces of Canada. The conference will be held this year in the Château Frontenac Hotel, Quebec, from August 25 to 28, inclusive.

B. A. Dugal, superintendent of insurance for Quebec and president of the association, will deliver the presidential address and the secretary's report will be submitted by H. D. McNairn, Ontario superintendent. Committee reports on the following subjects will be presented: Life insurance legislation; fire insurance legislation; definitions and interpretation of underwriting powers of fire, marine and casualty insurers; automobile insurance legislation and standard forms; accident and sickness insurance legislation; annual statement blanks; valuation of securities; and credit and free insurance evil.

All addresses and reports of the committees will be made at the opening session of the conference.

Buy Annuity -- and Live!

"Some weeks ago you published an interesting article 'Government Annuity System Shows Grave Errors' which I believe contains a mistake which can be easily checked.

"One of your reasons given for increased rates is that, as the life span has been lengthened, a beneficiary would receive his payments for a longer period than what was originally figured.

"I submit that in practice this is not so, but on the contrary it is the reverse. The faulty reasoning is as follows.

"Whereas the average length of life has been changed from about 46 to 59 years, this has been brought about, not by making men over 60 live longer, but by making babies and children live.

"In fact some investigators claim that whereas more men reach 59, the life we lead, with its uncertainty of work and economic security and the pressure put on men in business and industry, make for a faster death rate above 60.

"Therefore, whereas we have a better chance to reach 60 or so in 1936 than in 1963, we have a poorer chance of reaching 70 or 80."

Conformation From Actuary

The Financial Post obtained the views of a leading Canadian actuary or your comments, and his opinion, which we quote below, confirms our previous comment and makes some interesting observations about the rate of mortality among annuitants.

Our informant says:

"While your correspondent's statement may possibly be correct in regard to the mortality of the general population at the advanced age, it certainly is not correct as regards mortality among those who purchase annuities.

"I am submitting below a statement showing a comparison of the expectation of life at ages 60, 65, 70 and 75 in the case of male lives. The first column shows the expectation of life according to the British offices table, which was an experience covering the 30-year period from 1863 to 1893. This is a table upon which the Canadian Government annuity rates were based.

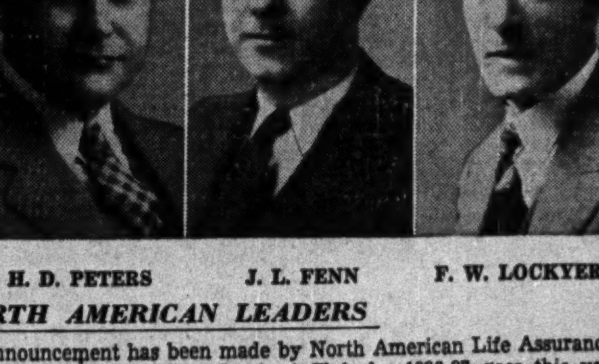
Mortality Actually Lighter

"In the last column I show the expectation of life according to the forecast table. I might add that even this table is inadequate at the present time to express the life mortality being experienced by annuitants and the companies have found it necessary to make provision for a lighter mortality than this latter table exhibits.

Expectation of Life

Age	British Offices Table 1893	Forecast Table
60	14.8 years	16.6 years
65	12.0 years	13.5 years
70	9.5 years	10.6 years
75	7.4 years	8.1 years

"It will be noted that at age 60 the expectation of life has increased by over 11%, at age 65 by 12½%, while at ages 70 and 75 the increase is about 10%. In the case of females the increase in longevity is even more marked than in the case of male lives."



H. D. PETERS J. L. FENN F. W. LOCKYER

NORTH AMERICAN LEADERS

Announcement has been made by North American Life Assurance Co. that the presidency of its Leaders' Club for 1936-37 goes this year to J. L. Fenn of head office.

Leadership in the company's Nalaco production club goes to H. D. Peters, of Michigan, for the eastern division and F. W. Lockyer, of Vancouver, for the western division,

U. S. Fidelity Reports Higher Business Volume

Net premiums written of $17,054,000, slightly more than $1 million over the total for the first 6 months of 1935, are reported in the first half of this year by the United States Fidelity & Guaranty Co. Total income during the period at $17,952,750 was the largest for any corresponding 6 months since 1930.

Net income after all operating expenses was $2,432,411, compared with $1,059,460 in the first half of 1935. After an increase of $1,682,586 in premium reserve and of $750,000 in voluntary reserves, bringing the latter to $2,250,000, surplus was increased by $440,648. Total surplus at June 30, 1936, was $8,106,067.

No credit was allowed in the transfer to surplus of $741,780 representing appreciation in market value of securities.

FIDELITY
Insurance Company
of Canada
TORONTO

ESTABLISHED IN 1850 ÆTNA SYMBOL OF SECURITY

The Ætna Life Insurance Company, writing Life, Group, and Accident insurance, has been a Canadian institution since 1850 . . .

CALGARY • MONTREAL • TORONTO • VANCOUVER • WINNIPEG

THE DOMINION LIFE
ASSURANCE COMPANY
HEAD OFFICE • WATERLOO . ONTARIO

You can guarantee a College Education for your children through The Dominion Life Educational Trust Plan. Our booklet "GOOD COMPANIONS" gives full details. Write today for free copy.

FIRST POLICY ISSUED 1889

THE
MONARCH LIFE
ASSURANCE COMPANY
Established in 1906
A PROGRESSIVE CANADIAN COMPANY
HEAD OFFICE - WINNIPEG
Splendid Agency Opportunities Available

Fire and Windstorm INSURANCE

Over Half A Century of "Service with Security"
Est. 1884

TESTED and PROVED by TIME

Since its inception in 1884, this organization, Western Canada's oldest Mutual Insurance Company, has maintained the policy of giving "service with security." "Portage" policy-holders enjoy complete protection at minimum rates.

Branches: WINNIPEG, REGINA, CALGARY

The PORTAGE LA PRAIRIE
MUTUAL INSURANCE COMPANY
PORTAGE LA PRAIRIE MAN.

FIRE INSURANCE

A CANADIAN COMPANY
SECURITY NATIONAL INSURANCE COMPANY
HEAD OFFICE TORONTO

J. H. RIDDEL
President
V. G. CREBER
Vice-Pres.
S. FAIRLEY
Secretary

Inquiries for Agencies Are Invited

GUARANTEED BY
EAGLE, STAR & BRITISH DOMINIONS INSURANCE COMPANY LTD

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE WINDSTORM SPRINKLER LEAKAGE AUTOMOBILE
LIABILITY DOCTORS' AND DENTISTS' LIABILITY PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Moncton, N.B.

Make Dividends on your Fire Insurance

TURN "EXPENSE" INTO "INVESTMENT"

OUR plan of mutual fire insurance will not only give you full protection in a sound, reliable company — it will also earn you dividends of 20% to 30% each year.

NORTHWESTERN MUTUAL FIRE ASSOCIATION

Write for descriptive folder to our nearest office
Vancouver
Kelowna
Victoria
Edmonton
Calgary
Saskatoon
Winnipeg
Toronto
Hamilton
Ottawa
Montreal
Quebec City
St. John
Halifax

AUSTRALIA and NEW ZEALAND
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
(With which are amalgamated the Western Australian Bank & The Australian Bank of Commerce Ltd.)
Paid-up Capital - - - £8,780,000
Reserve Fund - - - 6,150,000
Reserve Liability of Proprietors - - - 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1935 - - - £115,559,000
A. C. DAVIDSON, General Manager.
747 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua, Mandated Territory of New Guinea, and London. The Bank transacts every description of Australasian Banking Business. Wool and other Produce Credits arranged.
Head Office: GEORGE STREET, SYDNEY.
London Office: 29, THREADNEEDLE STREET, E.C. 2.
Agents: Bank of Montreal; Royal Bank of Canada; Imperial Bank of Canada; Canadian Bank of Commerce.

WHEN IN LONDON . . .

You can buy THE FINANCIAL POST at our office, 2, 3 and 4 Cockspur Street, next door to Canada House on Trafalgar Square, or at W. H. Smith & Son, Limited, Strand House, Portugal Street, W.C. 2, or

Underground Railway Station Bookstall, Bank, E.C. 2.
Metropolitan Railway Station Bookstall, Moorgate St., E.C. 2.
Southern Railway Station Bookstall, St. Paul's, E.C. 4.
Underground Railway Station Bookstall, Knightsbridge East, S.W. 1.
Metropolitan Railway Station Bookstall, Liverpool Street, E.C. 2.
Kiosk, 34 New Bond Street, W. 1.

IN NEW YORK..

At our office — MacLean Publishing Company, Room 623, Graybar Building, 420 Lexington Avenue, with entrance from Grand Central Station.

STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

This table is confined to official prices for listed stock. Where no recent transaction has taken place on stock exchanges, the latest available bid and asked quotations are given to indicate the current level of prices. For unlisted stocks, for which transactions are not officially recorded, bid and asked quotations by unlisted dealers are published under "Unlisted Stocks" on this page.

(Furnished by Toronto Bond Traders' Assoc.)

WEEK ENDING JULY 27

Range 1936 High	Low	Div R'te $	Jly25 Y'ld %		Sales	Last July 20	Week end. July 27 H	L	Cl'se
				A					
2.50	1.25	.	...	Abitibi	5185	2.00	2.12	1.95	2.12
13½	6¼	.	...	Do. pref. 6%	1859	11¼	13¼	11	13¼
12	6¼	.	...	Do. cert. dep.	200	11	11¼	11¼	11¼
4¼	4¼	.	...	Acadia Sugar	....	(4 bid — asked)			
21	14½	50c	2.5	Acme Glove	....	(— bid 20 asked)			
100	95	6.50	6.7	Do. pref.	3	95	96	96	96
10	7½	40c	4.4	Agnew Surp.	200	9	9	8½	8½
107	102	7	6.6	Do. pref.	5	105	105	105	105
6	3	.	...	Alta. Pac. Gr.	50	3	3	3	3
39	25	.	...	Do. pref.	....	(— bid 27½ asked)			
3	2	.	...	Amal. Electric	....	(1½ bid 2 asked)			
23	14	.	...	Do. pref.	....	(15 bid 20 asked)			
40½	29½	15c	...	Amer. Cyn. B.	20	34	35	35	35
55	51½	3.50	6.4	Ang. C. Tel. pf.	48	55	55	54½	55
38	17½	.	...	Asbestos v. t.	1108	35½	36	34½	35½
15	9½	60c	6	Assoc. Brew.	18	9½	10	9½	10
110	103	7	6.8	Do. pref.	....	106½ bid 109 asked			
8½	8½	.	...	Assoc. T. & T.	4	..	8½	8½	8½
35	34	.	...	Do. pref.	....	(35 Feb. 12)			
106	105½	7	6.6	Atlan. Sug. p.	....	(105 bid — asked)			
				B					
58½	51½	2.25	3.9	Bank of Canada	144	57	58	57	57½
140	133	8	5.7	Bk. Can. Nat.	10	138	139	138	139
214	182½	8	4	Bk. Montreal	404	191½	197	190½	194
300	271	12	4.2	Bk. N. Scotia	328	284	285	281	282
235	220	10	4.5	Bk. Toronto	125	220½	220½	220	220
13½	11	75c	...	Barcelona	....	(8 bid 10½ asked)			
17½	10½	.	...	Bathurst Pr.	1332	13½	13½	12½	13
5½	3	.	...	Do. (B)	50	4½	4	4	4
4	1½	.	...	Bawlf Grain	70	2	2	2	2
28	24	.	...	Do. pref.	....	(20 bid 30 asked)			
3	2½	.	...	Beath & Sons	....	(2½ bid — asked)			
15	9½	.	...	Beatty Bros. A.	....	10 bid 11½ asked)			
105	96	6	5.7	Do. pref.	61	101	104	103	104
3½	1½	.	...	Beauharnois	2957	2½	3½	2½	3½
110	105	4	3.8	Belding Cort.	135	110	105	105	105
135	130	7	5.2	Do. pref.	....	(99 bid — asked)			
150	140	6	4	Bell Telephone	583	147	148	146	147½
36	30	1.25	...	Biltmore Hats	....	(36 bid 39½ asked)			
110	110	7	6.4	Do. pref.	....	(110 May 10)			
5	3½	.	...	Bissell, T. E.	....	(4 bid — asked)			
50	33	.	...	Do. pref.	....	(33 bid 37 asked)			
5	3½	.	...	Blue Ribbon	100	4	4	4	4
33	27	2	6.5	Do. pref.	40	30½	30½	30	30
26½	26	.	...	Brant. Cord new	81	26½	26½	26½	26½
15½	9½	30c	...	Brazilian Tr.	5722	12½	12½	12½	12½
1.45	.80	.	...	Brew. & Distil.	4750	.95	.95	.95	.95
4½	2½	.	...	Brewing Corp.	1330	2½	2½	2½	2½
18½	13½	1.50	9.8	Do. pref.	415	15	15½	15	15½
9	5	30c	6	Bright, T. G.	....	(6 bid 7½ asked)			
82	80	6	7.5	Do. pref.	....	(80 bid — asked)			

Range 1936 High	Low	Div R'te $	Jly25 Y'ld %		Sales	Last July 20	Week end. July 27 H	L	Cl'se
30	13	.	...	Do. pref.	....	(18 bid 20 asked)			
8½	5½	.	...	Gurd, Chas.	55	6	6½	6	6
100	100	7	7.3	Do. pref.	....	(— bid 97½ asked)			
8½	5½	.	...	Gypsum, Lime	1828	7½	7½	7½	7½
				H					
6½	3½	.	...	Ham. Bridge	341	5	6	3½	5½
40½	25½	.	...	Do. pref.	75	36	40½	30	40
29½	25½	2	7.1	Ham. Cot., pf.	....	(28 bid 29½ asked)			
1½	1	.	...	Ham. U. Theat.	....	(1 bid 2 asked)			
53	50	4	7.6	Do. pref.	....	(55 bid 60 asked)			
4	2½	5c.	...	Harding Carpet	100	3½	3½	3½	3½
9	1½	.	...	Hillcrest Coll.	....	(2½ bid 10 asked)			
16	7	.	...	Do. pref.	....	(— bid 15 asked)			
15½	12	50c	3.7	Hinde & Dauch.	640	13	13½	12½	13
7	6	.	...	Holt Renfrew	....	(4 bid — asked)			
40	30	.	...	Do. pref.	....	(40 bid — asked)			
.70	.40	.	...	Honey Dew	....	(.50 bid .60 asked)			
12	7	.	...	Do. pref.	....	(10 bid 12 asked)			
14½	9½	.	...	H. Smith Pap.	1222	12½	13	12½	13
119	88	1.50	a.	Do. pref.	132	94½	.95	.92	.93
35	29	2	6.6	Humberstone S.	115	29	30	29	30
7½	4½	.	...	Hunts (A)	50	6	7	7	7
7½	6	.	...	Do. (B)	....	(6 bid 8 asked)			
90	70	5	6.4	Huron & E. Mt.	101	72	77	74	76
12½	9½	.	...	Do. 20% pd.	65	10	9½	9½	9½
10½	6½	.	...	Hydro Electric	....	(7½ bid 8½ asked)			
				I					
221	197½	10	5	Imperial Bank	144	200	200	197½	198
24½	20½	50+75c	5.9	Imperial Oil	8680	21	21	20½	20½
14½	13½	52½c	3.7	Imperial Tob.	3353	14	14½	13½	14
7½	7	6%	...	Do. pref.	....	(7½ bid — asked)			
48	40	4.50	...	Inter'c Coal	....	(— bid 49½ asked)			
115	115	8	6.9	Do. pref.	....	(115 bid — asked)			
31	19	1	...	Inter. City Bak.	70	30	31	31	31
b5½	2½	.	...	Int. Hyd. E. A.	11600	3½	4	3½	4
7½	4	.	...	Int. Metal Ind.	25	7	7	7	7
49	30	.	...	Do. pref.	50	49	50	49	50
105½	101	5	4.9	Inter. Mill., pf.	536	101	102½	101½	102½
54	43½	1.20	..	Inter. Nickel	19949	51½	51½	50½	51½
6	2½	.	...	Inter. Paints	....	(2½ bid 3 asked)			
29½	15	1.12½a	..	Do. pref.	70	15	15	15	15
b7½	3½	.	...	Int. Pa. & P. A.	3300	6	6½	5½	6½
b4	2½	.	...	Do. (B)	700	3½	3½	3½	3½
b3½	1½	.	...	Do. (C)	3600	2½	2½	2	2
b41½	20½	.	...	Do. pref.	33700	40½	41½	40	40½
39½	33½	1.50+1	6.9	Inter. Pete.	5913	35½	36½	35½	36
6	3	.	...	Inter. Power	261	5	5	4½	4½
94	57	6	6.4	Do. pref.	2000	93	93	91½	93
15½	13	.	...	Int. St. Rly. A.	....	(— bid 13 asked)			
14½	3½	.	...	Int. Util. (A)	50	10	9½	9½	9½
2.25	.40	.	...	Do. (B)	1050	1.25	1.35	1.15	1.25
				J					
36	33	1.50	4.1	Jam. Pub. Ser.	....	(35½ bid — asked)			
127	123½	7	5.5	Do. pref.	....	(127 bid — asked)			
				K					
11½	6½	.	...	Kelvinator	1485	8½	11½	8½	11½
107	105½	7	6.6	Do. pref.	....	(105½ bid — asked)			
				L					
26	16½	.	...	Lake of Woods	4540	23	26	23	25
147	123	1.75	...	Do. pref.	25	145	147	147	147
58	54	5	9.2	Landed Bank	....	(55 bid 60 asked)			
4	3	.	...	Langley's	....	(4 June 25)			
50	35	.	...	Do. pref.	5	50	50	50	50
70	64½	3	4.3	Laura Secord	5	70	69½	69½	69½
4	2	.	...	Lindsay, C. W.	125	3½	4	4	4
55	40	.	...	Do. pref.	....	(52½ bid — asked)			
21½	18½	1	4.8	Loblaw (A)	3107	21	21	20½	20½

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)

Dominion of Canada Bonds

July 29, 1936

			Bid July 29	Asked July 29	Approx. Yield	Bid July 22
††Dominion	5	1 Mar. 1937	102.60	103.00	...	102.60
‡Dominion	5½	1 Dec. 1937	106.40	106.90	...	106.40
Dominion	2½	15 Oct. 1939	103.65	104.15	1.20	103.65
Dominion	4	15 Oct. 1939	108.25	108.75	1.25	108.25
Dominion	2	15 Nov. 1939	102.35	102.85	1.13	102.35
Dominion	1½	1 June 1940	100.50	101.00	1.27	100.50
Dominion	4½	1 Sept. 1940	110.85	111.35	1.64	110.75
Dominion	5	15 Nov. 1941	114.85	115.35	1.96	114.75
Dominion	3	15 Oct. 1942	105.85	106.35	1.92	105.60
Dominion	2½	1 June 1943	103.50	104.00	1.88	103.25
Dominion	5	15 Oct. 1943	115.85	116.35	2.49	115.75
Dominion	4½	15 Oct. 1944	114.25	114.75	2.51	114.00
▪Dominion	2½	15 Aug. '43-45	99.65	100.15	2.48	99.35
Dominion	4	15 Oct. '43-45	110.25	110.75	2.38▲	109.85
Dominion	4½	1 Feb. 1946	114.25	114.75	2.73	114.00
Dominion	3½	15 Oct. '44-49	106.00	106.50	2.62▲	105.75
Dominion	4	15 Oct. '47-52	109.25	109.75	2.99▲	108.85
Dominion	3	1 June '50-55	101.25	101.75	2.05▲	101.00
Dominion	4½	1 Nov. '46-56	112.35	112.85	3.06▲	111.85
Dominion	4½	1 Nov. '47-57	112.35	112.85	3.16▲	111.85
Dominion	4½	1 Nov. '48-58	112.65	113.15	3.21▲	112.25
Dominion	4½	1 Nov. '49-59	112.90	113.40	3.26▲	112.40
▪Dominion	3¼	15 Jan. '56-61	101.65	102.15	3.10▲	101.35
Dominion	3¼	1 June '56-66	102.00	102.50	3.06▲	101.65

Dominion Guaranteed Bonds

			Bid July 29	Asked July 29	Approx. Yield	Bid July 22
*G. T. P. Ry.	3	1 Jan. 1962	101.50	102.50	2.86	101.25
Can. N. Ry.	3	1 May 1944	104.50	105.50	2.23	104.25
Can. N. Ry.	3	15 Dec. '45-50	101.00	102.00	2.76▲	100.75
Can. N. Ry.	3	15 Feb. '48-53	100.50	101.50	2.85▲	100.25
*Can. N. Ry.	4½	1 Sept. 1951	115.50	116.50	3.15	115.50
*Can. N. Ry.	4½	1 Feb. 1956	115.75	116.75	3.33	115.25
†Can. N. Ry.	4½	1 July 1957	114.00	115.00	3.49	113.75
*Can. N. Ry.	4¾	15 June 1955	117.75	118.75	3.40	117.75
Can. N. Ry.	5	1 Feb. 1954	118.25	119.25	3.52	117.75
*Can. N. Ry.	5	1 July 1969	118.00	119.00	2.87▲	117.75
*Can. N. Ry.	5	1 Oct. 1969	119.75	120.75	3.37▲	119.75
*M. Harb. C.	5	1 Nov. 1969	120.00	121.00	3.36▲	120.00

Provincial Government Bonds

			Bid July 29	Asked July 29	Approx. Yield	Bid July 22
Eastern—						
N. Bruns.	4	1 Sept. 1954	104.50	105.50	3.59	104.50
†N. Bruns.	4½	15 Apr. 1961	110.25	111.25	3.80	110.50
†N. Bruns.	5	15 Jan. 1960	115.50	116.50	3.92	115.25
N. Scotia	3	2 Sept. 1945	99.75	100.75	2.91	99.50
N. Scotia	4½	15 May 1943	109.50	111.00	2.73	108.50
†N. Scotia	4½	15 Sept. '47-52	110.25	111.25	3.32▲	110.25
†N. Scotia	5	1 Mar. 1960	117.75	118.75	3.80	117.75
*Ontario	4	1 June 1962	107.00	108.50	3.50	107.00
*Ontario	4½	1 Sept. 1944	112.00	113.00	2.70	112.25
Ontario	4½	1 June 1950	111.75	112.75	3.35	111.50
*Ontario	4½	15 Jan. 1962	114.00	115.50	3.58	114.00
Ontario	5	15 Oct. 1948	115.50	116.50	3.35	115.50
*Ontario	5	2 Dec. 1960	121.50	122.50	3.61	121.50
Ontario	5½	1 July 1946	116.75	117.75	3.39	116.75
O. H. C.	3½-4-5	1 Oct. '36-52	101.50	102.50	4.25•	101.25
Ont. Hyd. C.	4¾	1 Jan. 1970	116.00	117.50	3.82	115.50
P. E. I.	3	1 Oct. 1945	99.50	100.50	2.94	99.50
Quebec	4	15 Mar. 1952	107.50	108.50	3.31	107.50
Quebec	4¼	1 Aug. 1958	110.50	111.25	3.52	110.50
Quebec	4½	2 Jan. 1963	112.25	113.25	3.72	112.25
Western—						
Alberta	4	15 Dec. '49-54	62.00	66.00	§	62.00
†Alberta	4	1 Dec. 1957	62.00	66.00	§	62.00
Alberta	4½	1 Oct. 1951	70.00	75.00	§	70.00
†Alberta	4½	1 Oct. 1956	64.00	67.00	§	63.00
†Alberta	5	1 Jan. 1948	64.00	68.00	§	68.00
Alberta	5	1 Sept. 1955	64.00	68.00	§	65.00
*Alberta	5	1 Oct. 1959	64.00	68.00	§	65.00
†Alberta	5½	1 Jan. 1947	67.00	70.00	§	67.00
Alberta	6	1 Mar. 1947	69.00	72.00	§	68.00
†Brit. Col.	4	1 Dec. 1957	84.00	87.00	4.90	83.00
*Brit. Col.	4½	15 Jan. 1951	90.00	92.00	5.28	90.00
†Brit. Col.	4½	1 Oct. 1953	89.00	91.00	5.29	89.00
†Brit. Col.	5	15 Jan. 1948	93.00	94.50	5.64	93.00
Brit. Col.	5	1 Sept. 1953	92.00	94.00	5.54	92.00
Brit. Col.	5½	1 Feb. 1945	94.00	95.50	6.19	93.00
Brit. Col.	6	15 Feb. 1947	97.00	99.00	6.13	96.00
Manitoba	4	2 Jan. 1950	92.00	94.00	4.58	92.00
†Manitoba	4	1 Dec. 1957	92.50	94.50	4.41	92.50
†Manitoba	4½	15 Dec. 1956	97.50	99.00	4.58	97.25
†Manitoba	5	15 June 1954	101.00	103.00	4.75	101.00
*Manitoba	5	2 Dec. 1959	104.00	107.00	4.52	104.00
Manitoba	5½	1 Oct. 1955	100.50	102.00	5.33	100.50
Manitoba	6	1 Apr. 1947	102.00	103.00	5.63	101.00
Sask.	4	15 Aug. 1953	77.00	80.00	5.84	77.00
Sask.	4	1 Nov. '55-60	77.00	79.00	5.82	77.00
*Sask.	4½	2 July 1945	88.00	92.00	5.65	89.00
†Sask.	4½	1 Oct. 1951	87.00	89.00	5.57	87.00
†Sask.	4½	15 Mar. 1960	84.00	86.00	5.56	84.00
Sask.	5	1 Aug. 1958	86.00	88.00	5.99	86.00
†Sask.	5½	15 Nov. 1946	91.00	93.00	6.42	89.00
Sask.	5½	1 Oct. 1952	89.00	91.00	6.39	89.00
Sask.	6	15 Mar. 1952	93.00	95.00	6.50	94.00

Municipal Bonds

			Bid July 29	Asked July 29	Approx. Yield	Bid July 22
†Halifax	5	1 July 1961	113.50	115.00	4.04	113.50
Hamilton	5	1 May 1950	109.75	111.75	3.90	109.75
Montreal	5	1 Mar. 1945	101.00	102.50	4.69	101.00
Ottawa	4½	1 July 1945	110.50	112.50	2.91	110.50
†Quebec	5	1 June 1959	106.00	108.00	4.44	107.00
Saint John	5	15 Dec. 1960	108.00	109.50	4.13	108.00
†Toronto	4½	1 Jan. 1955	113.00	115.50	3.37	112.50
Winnipeg	5	1 Mar. 1944	100.00	103.00	4.53	100.00

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity although callable prior to that date. ‡Exempt from Dominion income tax. ▪Payable in N.Y. §Traded flat.

Mining Stock Quotations

WEEK ENDED JULY 27, 1936

Corporation Bonds

CORPORATION BONDS
Supplied by Toronto Bond Traders' Association
July 28, 1936

Public Utility Issues:	Int. Rate %	Due	Bid July 28	Asked July 28	Bid July 21
*Ass. Tel. & Tel.	5½	'55	87½	90½	88
‡Avalon 'Phone.	5½	'48	101	..	101
Beauharnois P.	5	'73	38	41	34½
Do. L. H. & P.	5½	'73	98½	101½	97½
*Bell T'phone	5	'55	115½	118½	116
*Do.	5	'57	119½	122½	120
†B. C. Power	5	'60	105½	108½	105
†Do.	5½	'60	106½	109½	106
†B. C. T'phone.	5	'60	108½	110½	108
*Calgary Power	5	'60	98½	101½	98½
*Do.	5	'64	94	97	93½
†Can. Nor. Pwr.	5	'53	103½	106	103½
*Dom. Gas & El.	6½	'45	90½	93½	91
*Gatineau Pr.	5	'56	99	102	98½
*Do., A	6	'41	94½	97½	94½
*Do., B	6	'41	93½	96½	93½
*Int'l. Hydro	6	'44	54½	57½	50
*Int'l. Pwr.	6	'57	96½	99½	96½
*Do.	6½	'57	98½	101½	98½
‡Do.	6	'55	100	..	100
†Maclaren-Que.	5½	'61	82	85	80
†Do.	5½	'64	81	84	78
Maritime T & T	5	'56	104½	..	104½
†Mtl. Island Pr.	5½	'57	103½	106½	104½
†Mtl. L. H. & Pr.	3½	'56	102	105	101
†Montl. Tram.	4½	'55	79½	82½	79½
†Do.	5	'41	102	105	102½
†Do.	5	'55	84	87	84½
Nfld. L & P.	4½	'56	99	102	99
Nat'l. L. & P.	6	'49	98	101	97½
†N.S. L. & P.	5	'58	105½	108½	105½
Do.	5	'65	102	..	102
†Ottawa Light	5	'57	107	110	107
†Ottawa Tract.	5½	'55	101	104	101½
†Ottawa Val. Pr.	5½	'70	78	..	75
†Power Corp.	4½	'59	97	100	97
*Quebec Pr.	5	'68	105½	108½	105½
Saguenay Pr.	4½	'66	103	106	102½
†Shawinigan	4	'61	97½	100	97½
†Do.	4½	'70	103½	106½	103½
†South Can. Pr.	5	'55	105	108	105
†United Secs.	5½	'52	84½	87½	84½
†West. Pwr. Co.	5	'49	105½	..	105½
*Winnipeg Elec.	4½	'60	103	106	103
*Do.,	6	'54	86½	89½	86
Industrial and Realty Issues:					
†Abitibi Pwr.	5	'53	56	59	54
Acadia Sugar	4½	'55	101½	104½	101½
†Alta. P. Grain	6	'46	95	99	97
Balfour Bldg.	6	'34	39	..	39
B. A. Oil	4	'45	103½	106½	103½
Can. Bread	6½	'41	109	112	109
†Can. Cement	5½	'47	105½	108½	105½
†Can. Ss. Lines	5	'43	103	106	103

Unlisted Stocks

INDUSTRIAL STOCKS:		
Acadia Sugar, com.	4.25	4.50
Do., pfd.	4.90	....
Acme Farmers Dairy, pfd.	38.00	....
Algoma Steel, new pfd.	59.00	61.00
Andian National	49.25	50.50
Assoc. Tel. & Tel., pfd.	53.00	56.00
B. C. Pulp & Paper, pfd.	10.00	13.50
Burns & Co., A	10.00	12.00
Do., B	5.50	6.75
Canada & Dom. Sugar	59.50	60.25
Canada Paper, pfd.	110.00	116.00
Canada Starch, pfd.	90.00	95.00
Canada Tea, pfd.	30.00	....
Can. Tube, 1st pfd.	50.00	....
Can. Wire & Cable, pfd.	107.50	109.50
Can. Industries, A com.	215.00	....
Do., B com.	212.00	216.00
Do., pfd.	160.00	163.50
Can. Ingersoll Rand	100.00	111.00
Can. Westinghouse	....	58.50
Chase, A. W., pfd. bonus	25.25	26.00
Claude Neon, pfd.	2.50	3.25
Conduits Nat., new com.	2.75	3.00
Dom. Found. & Steel, com.	48.00	51.00
Do., pfd.	93.00	96.00
Dom. Rubber, pfd.	97.00	100.00
Dunlop Tire, pfd.	84.00	....
East. Dairies, pfd.	9.00	11.00
Edmon. City Dairy, pfd.	60.50	....
Federal Grain, com	2.25	2.75
Do., pfd.	....	53.00
Goderich Elevator	9.25	10.00
Greening Wire, pfd.	106.00	....
Guelph Carpet, pfd.	104.50	106.00
Do., com.	16.50	17.50
Highland Dairy, com.	3.25	....
Do., pfd.	80.50	....
Inter City Bak., com.	28.75	31.00
Inter. Met. Indus., A pfd.	45.00	49.00
McLaren Power, com.	14.50	15.25
Mercury Mills, pfd.	10.00	12.50
N. Meth. Laund., pfd. bonus	79.00	83.00
Ont. Tobacco Plant, pfd.	40.50	....
Prov. Paper, pfd.	104.00	106.00
Reliance Grain, com.	4.50	6.00
Do., 6½% pfd.	....	80.00
Rob. Consol. Cone	9.25	10.25
Ruddy, E. L., pfd.	35.00	41.00
Silverwood's Dairies, pfd.	54.50	....
Stand. Fuel, pfd. bonus	106.50	108.50
Supertest Petroleum, B pfd.	28.00	29.50
Toronto Carpet, pfd.	37.00	40.00
United Steel, A pfd.	9.00	....
West. Grain, pfd. bonus	....	16.00
Willards Chocolates, pfd.	20.00	....
TRUST & LOAN STOCKS:		
Chartered Trust	83.50	86.00
Guelph Ont. Inv., par $50	52.00	....
London & West. Trust	....	61.00
Premier Trust	....	....
Sterling Trust	33.00	....
Traders Fin. Rts.	10.50	....
Do., pfd. bonus	83.50	88.00
Trusts & Guarantee	....	34.00
Waterloo Trusts	98.00	....
INSURANCE STOCKS:		
British America	47.50	....

Week in Wheat

Liverpool Now Uneasy Over Future Supplies

Realizes Tight Situation Possible in Crop Year Just Beginning — Corn Failure in U. S. Is Potent Factor

From Our Own Correspondent

WINNIPEG.—Much of the gathering strength of the wheat market is now to be found in Liverpool. Traders at that point have now reluctantly come to the conclusion that a tight situation may prevail in wheat before the end of another crop year. They are watching closely the widening area of damage to the United States corn crop, and to the probability of that country importing large quantities both of wheat and of feed grains.

Liverpool July prices have now reached a premium of 7 cents a bushel over the March future, a reflection both of the fact that stocks immediately available or en route to Europe are small, and also that a large production in Argentina, which is possible, might ease the situation in the new year.

The Canadian Wheat Board has continued to dispose of large quantities of wheat, and its holdings are expected to be at a fairly low level before new crop wheat is available for export in quantity.

Outside Influences to Fore

NEW factors, arising outside of wheat production in North America, are now major influences in determining the course of wheat prices. For some time now it has been clear that North American production of spring wheat this year was to be very small, that the United States would have no wheat for export, but on the contrary would continue to import large quantities from Canada. It has also been clear that the Canadian carryover would be reduced from last year, and that it would be practically disposed of before the end of another crop year. The market has learned and digested these things, and the situation has reasonably well been discounted.

Developments in other countries are now playing a major part in the market, and bullish influences are appearing in several quarters. The Italian wheat crop is estimated to be small, probably not more than 220 million bushels. This is 60 millions less than last year, and at least 80 millions less than the probable Italian consumption, if imports on any considerable scale are practicable. After several years of almost complete abstinence from imports on the part of Italy this could be a matter of great importance.

But whether Italy will have funds or credit with which to buy wheat, or whether government policy will permit this to be done is as yet entirely uncertain. There is no prospect that Canada will resume her former large trade in durum wheat with Italy, for the United States will probably take every bushel of that macaroni wheat Canada can supply.

* * *

Corn Demand Helps

SOFT condition of much of the recently harvested corn crop in Argentina is proving to be a bullish factor on all international grain markets. At one time the crop was expected to be very large, but it turned out to be of only moderate size, and now much of it is considered, because of excessive moisture content, to be unfit for transportation across the equator. With some of Argentina's good corn being diverted to the United States, and with a prospect of a good deal more being required there if U. S. corn crop prospects do not improve, feed grain supplies available for Europe are cut down. This is likely to mean an increased use of rye for livestock feeding purposes, with possibly a corresponding increase in the demand for bread wheat.

* * *

U. S. Continues to Buy

WHEAT going out of Port Arthur and Fort William continues to be consigned almost entirely to United States ports. Some considerable quantities have been shipped to Duluth, and, while the greater part of such shipments has consisted of durum wheat, there have also been shipments of No. 1, 2 and 3 northern. There is such a scarcity of wheat in the northwestern states, due to failure of the spring wheat crop, that the mills at Minneapolis must import Canadian wheat if they are to continue grinding to any great extent. Wheat going to Duluth is definitely out of the Canadian supply. That, however, going to Buffalo, may, until the United States duty has been paid on it, be employed either in the United States or reshipped to continental Europe. It is not, of course, available for U.K. shipment as British regulations call for a duty on grain transshipped through the United States.

But so important is the current and prospective demand from the United States for Canadian wheat that exporters do not like to take chances on putting wheat forward to positions where it would not be available if required for that trade. It seems probable that for some months yet wheat will be shipped to Canadian lower lake ports only as rapidly as it is definitely sold for British consumption.

Shortage of feed grains in the United States has increased the demand for feed wheat and No. 6, both of which are allowed to cross the border at 10% ad valorem, instead of 42 cents per bushel. Feed wheat has in fact showed the greatest percentage improvement in price of any grade except the durums.

* * *

Brazil Buys Argentine Crop

BRAZIL is absorbing Argentine wheat at a rate that is remarkable, and may turn out to be highly important if it means an increased use of wheat for food in that country. The Brazilians are taking almost the whole of the small Argentine crop this season and at prices considerably higher than it would bring if exported to Europe. It is believed that increased cotton growing in Brazil is responsible for enlarged demand for imported food.

In addition, Brazil, being so close to Argentina, is possibly more impressed by the extent of the crop failure in the latter country, which took place in 1935, than are more distant buyers.

Then, too, the Argentine wheat commission appears to be handling its affairs with some skill, in order to avoid a loss on the year's operations. So long as it can dispose of the great bulk of its exportable surplus to Brazil it seems to be willing to forego the opportunity to sell wheat to Europe.

Montreal Grain Advances Temporarily Settled

The practice of loaning or advancing grain from elevators of the Montreal Harbor Commissioners to traders for shipment abroad will be allowed to continue until September 1. But further investigation of the situation will be made by Hon. C. D. Howe, federal minister of transport. The practice had been temporarily cancelled.

"The fact that the commissioners are warehousemen only is a point of difficulty," a government official stated, "whereas the practice of advancing or loaning grain which is not their own makes them parties to a traffic in commodities entrusted to them for storage. This practice has been made possible by guarantees of indemnity from the various banks, as to which there appears to be some question, in view of the provisions of the Bank Act.

"In some instances it appears that grain is advanced or loaned against documents not yet in possession of the Harbor Commissioners, who are thus left in a position of uncertainty in the event of grain for replacement purposes not reaching them promptly, or in the event of the loss of documents such as bills-of-lading and warehouse receipts, in transit."

British Welcome Canadian Wheat

Feeling toward Canadian grain by British buyers has undergone a decided and favorable change in recent months, according to R. S. Law, head of United Grain Growers. Mr. Law has just completed a 6-months study of the British market.

"The British millers are not only using more Canadian wheat," he said, "but the feeling toward Canada and Canadian grain is a good deal better. From what I learned, the door is wide open and the British market is favorable toward our wheat."

JESUIT 5% BONDS CALLED

Issue of $150,000 of 5% bonds, due 1939-49, of the Jesuit Fathers of Upper Canada (Martyrs' Shrine) have been called for redemption at 100 on Nov. 1, 1936.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 293

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the FIRST day of SEPTEMBER next, to Shareholders of record at close of business on 31st July, 1936.

By Order of the Board

W. A. BOG, General Manager
JACKSON DODDS, General Manager

Montreal, 21st July, 1936.

The Canadian Bank of Commerce

Dividend No. 198

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st August, 1936, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st September next, to shareholders of record at the close of business on the 31st July, 1936. The Transfer Books will not be closed. By Order of the Board,

S. H. LOGAN,
General Manager.

Toronto, 24th July, 1936.

Lake of the Woods Milling Company Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of $1.75 per share on the Preferred Stock of the Company has been declared payable on September 1st, 1936, to shareholders of record at the close of business on August 15th, 1936.

By Order of the Board,

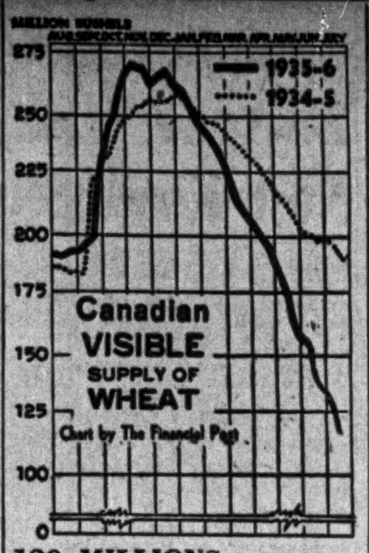
D. A. MacINNES,
Secretary.

BLUE RIBBON CORPORATION LIMITED

NOTICE is hereby given that a dividend of Fifty Cents (50) per share on the preferred shares of the Company has been declared payable on and after August 1st, 1936, to shareholders of record on July 28th, 1936.

DATED at TORONTO this 22nd day of July, 1936.

J. C. JAMIESON, Secretary.



120 MILLIONS

With one week of the current crop year still to be reported Canadian visible is down below 120 million bushels. Carryover now promises to be approximately 115 million bushels when the grain books are finally balanced for the year which closed July 31. This compares with an average of over 200 million in each of the last 3 years and with a normal of about 50 million which prevailed in the old days before pools and wheat boards took to handling wheat in a big way.

Farm carryover is believed to be the smallest on record since Western farmers began growing for export in an extensive way. Deliveries to country elevators recently have been down to a million bushels per week or less. Recent higher prices, and the fear up to the appearance of drought that government minimum prices might be lower in the new crop year, combined to clear farmers' bins. Indeed any small surplus of old wheat which may still remain in Western farmers' hands will be more than offset by feed and seed shortages on farms in the badly stricken drought districts.

Export clearances, mostly to United States, continue to move out at the rate of between 4 and 5 million bushels per week.

Details in bushels are as follows:

	Week of July 24	Week Previous	Last Year
Canadian Visible	119,762,000	126,688,000	192,215,000
Export Clearances*	4,380,603	4,576,975	2,018,231

* Plus U. S. imports.

Crop Failure In Alberta Major Blow

Government Faces Crisis in Providing Farm Relief

BIG AREA DESTITUTE

EDMONTON.—Alberta's crop disaster this year is being regarded now by the Aberhart Social Credit government as a political as well as an economic tragedy. It is regarded in the parliamentary circles here as the only potentially disastrous blow so far struck at the Aberhart regime.

It is no secret that the government, ever since assuming power last September, had been counting heavily on a good crop this year to help maintain its prestige and its pre-election campaign pledge of Social Credit "basic dividends." It is no secret, either, that until early this month the government was anticipating having to expend only a relatively small amount in agricultural relief, instead of the $3.5 millions spent in the last fiscal year.

Early Hopes Blasted

A month ago, all reports on Alberta's crops were optimistic. Rain was needed, and confidently expected, in districts along the southern border; elsewhere conditions were excellent. But instead of needed rain came unbroken heat, and with the heat came grasshoppers.

In most of the southern districts now, the crop is a total loss. Over huge areas it is a 100% failure—farmers will not harvest even the amount of seed which they put in, and much of that seed was obtained on credit after last year's poor crop.

The line of disaster extends south and east of a line from Calgary almost to Lloydminster. And in many districts this covers not only grain but livestock as well. There is no feed for the stock now, and without copious rains to provide fall fodder the winter ahead looks black.

North Is Hopeful

West and northwest of that Calgary-Lloydminster line the outlook is still bright, although in the foothills the drought has reduced the previously-expected yield. Prospects are excellent in the Edmonton district, while the Peace River country is expecting a bumper return.

But even these areas cannot be sure until the grain is actually threshed. Frost and hail are constant dangers, and the fact that seeding was delayed for 3 and 4 weeks in some sections this year by an abnormally wet spring has increased the hazards to maturing grain.

Therefore the government has made no attempt yet to estimate the total amount of agricultural relief which is going to be necessary during the coming winter and spring.

It is fact, however, that many farmers who a month ago were contemplating recouped financial positions, and who temporarily enjoyed new credit because of a splendid crop outlook, are now in dire need. Over a huge section, its exact area and population yet undetermined Alberta farmers are going to require government help in obtaining food and clothing, in addition to the seed, feed and other necessities of farm operations which, in some cases, the government had to provide during the past year.

Relief Expenditures

Last year the Alberta government budgetted for $517,580 for agricultural relief, and before the year was out had to provide another $2,306,000 on the same year's supplementary estimates, out of capital account, to meet the needs of farmers. The largest item in these supplementary estimates was $980,000 for purchase and freighting of seed. Feed cost another $485,000, and fodder advances cost $375,000. And even these additional grants proved insufficient—more and more money had to be found.

In his survey of Alberta's financial situation last autumn, R. J. Magor, Montreal business man and actuary who was engaged by Premier Aberhart briefly as financial adviser, declared such expenses "exceptional," and recommended that a separate fund for agricultural relief be established by the province, this fund to be built up in good years so as to prepare for bad. Accordingly, $926,280 was set out in this year's estimates compared with last year's $517,580.

Aberhart Worried

But it now develops that this amount will not begin to cover the cost of agricultural relief this year; that the amount to be required will mount high over last year's record. Actually the Aberhart government faces an economic and financial crisis, and therefore a political crisis.

Premier Aberhart last week sent Provincial Treasurer Charles Cockroft to Ottawa to seek federal help, and Mr. Cockroft startled federal officials by a statement that one-third of Alberta's 1.5 millions of cattle will have to be shipped out of the province, or destroyed, because there is no feed.

Premier Aberhart called all his legislature members into Edmonton last week, too, ostensibly to talk about Social Credit but principally to talk about the crop disaster,

His Job is to Create Jobs

(Continued from page 1)

of age and familiar with a large part of 2 continents.

There was to be no rest; Purvis was told to go to Australia in the fall. But in August, 1914, something happened. Firms such as Nobel's that had been making explosives for the mining companies of far continents were suddenly aware that a new task awaited them. The makers of the munitions of peace were conscripted to make the munitions of war.

On August 3 Sir Edward Grey made a speech at Westminster. In a few days, Purvis and another young man stood in their general manager's office receiving orders. One man was to go to the United States, the other to Austria, with instructions to buy up every pound of acetone in sight. The British navy needed cordite of which acetone is an essential ingredient. It had munitions to fight one big naval engagement and restock its ships. Beyond that, the reserve was inadequate.

Sent to States

It was pure chance that the general manager happened to say to Purvis "You go to America" and to the other man, "You go to Austria." The man who was sent to Austria never got there. It was a gambler's throw that he might get there in time to buy acetone. The chance did not come off. Purvis went to America, his first assignment in buying. Before that he had always been engaged in selling.

When McGowan sent him off, he said, "Go quickly; spend 3 weeks; buy all the acetone in the country, and hurry back." McGowan meant these instructions to be taken seriously. Then he added, "Go to the Knickerbocker Hotel. It is the quietest in New York." Purvis did not realize that this was a sly joke. The Knickerbocker was at the corner of Broadway and 42nd Street, then, as now, just about the noisiest spot in the world.

Has Stayed in America

Arthur Purvis has never returned to the old world, except on short visits. The war brought him to this continent and here he has been ever since, 10 years in the United States, 12 years in Canada.

He carried out his instructions. He bought acetone, all there was in sight, all that could be made in available plants. His task finished, he was about to leave for home when he got another cable to buy powder. This brought him into touch with the du Ponts with whom he has been closely associated ever since, for the du Ponts are among the larger shareholders in Canadian Industries and the du Ponts control General Motors Corporation, of which Arthur Purvis is one of the 2 Canadian directors.

In January, 1915, his health broke down. It was a combination of too much tropical jungle, too much work at high pressure. He finished placing his contracts and had to quit work for over 3 years while he regained his health. About that time the British government appointed J. P. Morgan and Company to do their purchasing in the United States. But Arthur Purvis was the agent in purchasing the first $25 millions of munitions bought by the British government in the United States during the war.

When Mr. Purvis had in large measure regained his health the Ministry of Munitions sent him to Chile to arrange for the erection of a munitions factory there. There was not a little war politics in the move. Chile was pro-German; building a British factory there would, it was thought, help. He went in February, 1918, and did not get back to New York until January, 1919.

The position of 1914 was now reversed. The war industries had to go on a peace basis.

Out to Regain Markets

Mr. Purvis set about opening an office in New York for the Nobel Industries. (This was before Imperial Chemical Industries came into being to take over Nobel's and Mond's and other great British chemical and explosives firms). There was much work to be done. As a result of the war the British had lost their peace-time explosives markets the world over with the exception of a few held by filling orders from Canadian companies; the Americans had captured most of the markets. It was necessary to regain these markets in part at least, and, recognizing the new alignment, to co-operate with rather than battle against American firms. This occupied Mr. Purvis's time until 1924 when he was asked to come to Canada to take over the Nobel-du Pont Canadian subsidiary, Canadian Explosives Limited. Here Mr. Purvis has remained. Here he has become a citizen of Canada and a foremost participant in our industrial life.

The new head of Canadian Explosives found difficult problems here. Some of the larger mines had got together to form their own explosives company. There were other firms in the field; there was general distrust between competitors, and particularly between the producers and the consumers of explosives. Mr. Purvis set about making a merger. He gave the consumers—who were chiefly mining companies—assurance that most of the savings effected by the merger of the plants would be passed on, an unusual undertaking, an undertaking he has faithfully carried out.

The disturbance in the explosives industry was only a first problem to tackle. There was an even bigger job than that to do. It was to put the company on a peace-time basis and to gear it to the speed of post-war science. Inspired by what du Ponts were doing in the States and Imperial Chemical Industries in Britain, Mr. Purvis set out to transform the company. Chemistry was to be the magic in the transformation. What he accomplished is now part of the industrial history of Canada.

Company's Rapid Growth

How Canadian Industries has changed and grown under Mr. Purvis is evidenced in the published records. It was known as Canadian Explosives when he came; the name was a close fit. It had started as a small private company in Hamilton back in 1862 and under the du Ponts of Delaware expanded throughout Canada. Before the war the Nobels of Glasgow also became interested and joined with the du Ponts to form Canadian Explosives, Limited, as a merger of several companies. After the war, companies making Fabrikoid—then more a leather substitute than an individual product—paint and varnish, and Pyralin, one of the early plastics used in "rubber" collars and in toiletware, were brought in. These, together with a small fertilizer and acid company, made up the enterprise Mr. Purvis took over. In 1923, the year before he assumed command, the company had total assets of $20 millions and did not report its income.

Then came rapid expansion. In 1925 and 1926 there were mergers of explosives companies. In 1928, the company bought the leading ammonia company of Canada, the leading salt company, the leading heavy chemical company. In subsequent years it erected large fertilizer plants and Canada's only Cellophane plant. Today its assets total $53 millions; in 1935 it earned $5.6 millions after depreciation. It is Canada's most outstanding company utilizing chemistry as a tool of progress. It has 10 "divisions" but there is a common link to weld all together. That link is Science, more particularly expressed in a few basic chemicals — sulphuric acid, cellulose, nitric acid, alcohol, salt brine and 2 or 3 others.

"Science" is Foundation

The company has grown—but it has grown with a purpose and to a plan. The purpose is to advance Canada's peace-time interests; the plan is to use chemistry, "the invisible science," to extract wealth from natural resources.

During his 12 years in Canada, many other business firms and institutions have sought Mr. Purvis's advice and assistance. He is a director of the Bank of Montreal, of the Bell Telephone Company, of the British American Oil Company, of the Sun Life, of Consolidated Paper, of General Motors, of Canadian Investment Fund, of Liverpool and London and Globe Insurance Company. He is also president of Dunlop Tire of Canada, an affiliate of his own company.

Music His Passion

A man is known not only by the way he spends his working hours but by the manner in which he spends his leisure. Mr. Purvis devotes his spare time to music and to sport. (Since taking on the employment job he has had little time for either.) As a boy he had one all absorbing passion, outside of his counting house responsibilities. It was music. He was a good pianist; and took the bronze medal of the London College of Music. When he had to give up his studies he turned to the opera and the orchestra. One of the men he worked with as a youth—it was the man whom he knew as private secretary to the Irish-Armenian and who introduced him later to Nobel's—taught him to love the great operas. Many a night they spent in the cheapest seats at Covent Garden. They shared the cost of a season ticket to Sir Henry Wood's "Prom" concerts in Queen's Hall. The ticket cost 16/6 for the season. Purvis could afford only half of that. Leaving the office, he would tramp 3½ miles to be enthralled by Wood's conducting, often going without his supper in order to make up for the cost of the ticket.

Today he has in his home in Montreal a fine library of records of the world's great music. Occosionally he plays the piano. Music undoubtedly has been the most potent influence in shaping his personality.

In sport his inclinations run to action and the open air. In the winter he skis. In the summer he sails. At his summer place on Martha's Vineyard he has his own boat, 18 ft. on the water line, 30 ft. overall, and he races it week-ends. (At least, he did until this year when the employment job has robbed him of his weekends.)

In the spring and fall he likes best to wield an axe. At St. Margaret's he has blazed his own ski trails through the woods.

Mr. Purvis's public addresses have been a delight and an inspiration to his audiences. They have adumbrated an industrial philosophy that might well serve as the guide for all business. In the modern phrase, he is "socially minded." He regards business as merely a phase of community life to be operated by and for the community with due recognition of the rights of labor, investors, governments and all other interests. In business he is distinctly the liberal, whatever he is in politics. He is neither reactionary and Victorian, nor radical and theoretical.

Mr. Purvis's business and social philosophy is on record. He has made his views public in 4 or 5 noteworthy addresses delivered in the past 2 years.

Sees Production Salvation

He believes in increasing wealth by increasing production. "Carving never increased the amount on the platter," he has said.

He has little faith in panaceas such as trying to "buy back prosperity with unlimited expenditures from the public purse," or "deliberate monetary manipulation in an effort to adjust the debt burden," or "active intervention in the running of industry by the government itself."

He believes in machinery and in the application of science to industry. This naturally follows from his faith in abundance of production as the road to greater wealth for all. He does not want society to scrap the machine in order to return to manual labor. Rather he would have man design and harness better and bigger machines to produce our wants with less effort.

He insists upon fairness in industrial relationships—fairness both to consumers and to employees because such fairness pays.

He seeks higher standards of ethics in business—professional standards, self-policed. One of his addresses was entitled, "Manufacturing as a Profession." He is a reformer, in the sense of recognizing the justness of the "constant striving of the human race to progress morally as well as physically in the handling of its economic problems."

Staff Treated as Partner

Labor should be treated, he thinks, as though it were a partner in production and not merely a tool of production. His own company has the following employee welfare plans in operation:

Employees representation.
Vacation plan.
Sickness and accident insurance.
Co-operative savings.
Pensions.
Employees benefit plan.
Bonus plan.
No-accident record plan.
Service plan and watch plan.

Today Mr. Purvis is only 46, but he has been engaged in business on 4 continents for 32 years, surely a unique record. His life is now dedicated to Canada, the land of his adoption, where his son goes to school, where he works and plays, and whose future he is willing to serve.

It was sheer genius that induced the government to ask Mr. Purvis to take on the great responsibilities of the chairmanship of the National Employment Commission. He has entered on the task seriously and realistically. Mr. Purvis has enlisted in the service of the people as long as he is wanted and without salary.

He sees the tasks that are to be done; he is not dogmatic in his assertions as to how they are to be done.

What are these tasks? He conceives them to be two-fold in character: to put relief administration on a more efficient basis, and to recreate and speed up the machinery that normally produces employment in Canada.

Approach to Task

To these tasks he brings a simple philosophy based upon years of practical business experience, supplemented by a unique recognition of the social and community responsibilities of industry and merchandising.

He has had little to say publicly of his work. But he and his fellow commissioners have been active organizing their work and much will be heard of them later. Mr. Purvis, so far, has made no public statements. But I asked him to state in as few words as possible what he conceived to be the basic principles in the work of the commission. He put them this way:

"In the handling of the relief problem, to put the emphasis upon character—the maintenance of self-reliance, the restoration of self-respect and the stimulation of the will to work.

"In re-employment—to realize that at all times the basic need is to increase production. Distribution will follow. We can create more jobs only by creating more wealth."

Mr. Purvis has one ambition: to get back to private life as quickly as possible but not until he has made his contribution to the work he has undertaken.

Winnipeg Grain Futures

Week to July 28, 1936

Crop year from Aug. 1, 1935 High	Low		Open July 16	High for week	Low for week	Close July 28
		Wheat				
.96⅜	.73⅛	July	.93⅞	.95⅛	.91½	.94⅞
.96	.74¾	Oct.	.93⅜	.95⅝	.90⅞	.95⅜
.96	.76½	Dec.	.93	.95	.90¼	.94¾
		Oats				
.43½	.30	July	.41¾	.45	.41⅛	.45
.42⅝	.29¾	Oct.	.40¾	.43½	.40	.43⅝
.41⅝	.28¼	Dec.	.39⅛	.41⅜	.38⅝	.41⅜
		Barley				
.54½	.35⅝	July	.51¼	.54	.50	.53½
.52⅛	.34⅛	Oct.	.48¼	.51⅝	.47½	.51
.51½	.38	Dec.	.47⅝	.50¾	.46½	.50⅛
		Flax				
1.72⅞	1.40¼	July	1.65	1.69½	1.65	1.69½
1.72⅞	1.37½	Oct.	1.64¼	1.69	1.64¼	1.69
1.69½	1.49½	Dec.	1.63½	1.65¼	1.63¼	1.64¾
		Rye				
.61⅜	.39⅛	July	.57	.59	.56¾	.59
.62	.41⅛	Oct.	.57¼	.60⅛	.55⅝	.59⅝
.62⅞	.42	Dec.	.58	.60⅞	.56	.60⅛

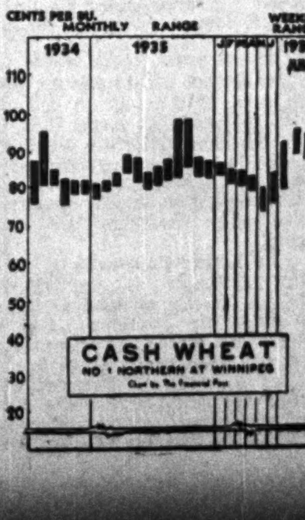
(Cash Quotations)

	For Week July 28 High $	Low $	Prev. Week High $	Low $
At Winnipeg:				
1 Man. Hard	.96⅛	.93¾	.95¾	.93⅞
1 Northern	.96⅝	.92¾	.94¾	.92⅝
2 Northern	.94⅜	.91¾	.93⅜	.91⅜
3 Northern	.91⅝	.88¼	.90¼	.84¾
4 Northern	.87⅛	.82¾	.84⅝	.82½
5 Wheat	.80⅞	.75¾	.78⅛	.76
6 Wheat	.78⅞	.74¼	.78⅛	.76
Feed Wheat	.64⅜	.61½	.61⅛	.59¾
Vancouver: Week to July 27:				
1 Northern	.92¼	.90¼	.91⅝	.89½

Competitive Export Prices:
(July) shipment.

	High	Low
	Week to July 24	
No. 1 North. (Vanc.)	1.10⅝	1.07⅝
No. 2 North. (Atlan.)	1.06⅞	1.06¼
No. 2 North. (Vanc.)	1.08⅜	1.05⅜
Hungarian*	.97⅛	.92¾
Argentine Rosafe	unquoted	
Do., Barusso	unquoted	
Australian (Afloat)	1.05⅜	1.05⅜
Australian	1.06½	1.04¼
French	unquoted	

*Old and new crop, July-Aug. shipment.



From Wagon to Sea-Board —
Fair and Efficient dealing is the "A.P." Standard of Service.
The ALBERTA PACIFIC GRAIN COMPANY Ltd.
LICENSED AND BONDED WITH THE BOARD OF GRAIN COMMISSIONERS

Northern Elevator Company
Limited
Incorporated 1891
OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE
Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

THE CANADIAN CONSOLIDATED GRAIN
COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants—Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

JACKSON BROS.
GRAIN COMPANY LIMITED
HURON & ERIE BLDG. — WINNIPEG
STOCK EXCHANGE BLDG. — VANCOUVER
STOCKS — BONDS — GRAIN
Members Winnipeg Grain Exchange — Winnipeg Stock Exchange
Vancouver Stock Exchange — Canadian Commodity Exchange
Orders executed over private wires on
NEW YORK - MONTREAL - TORONTO - VANCOUVER

McCABE BROS. GRAIN CO. LTD.
WINNIPEG, MAN.
GRAIN COMMISSION MERCHANTS
SHIPPERS AND EXPORTERS
ALL GRAINS-SACKED FEEDS
Country and Terminal Elevator Operators
Grain Merchandising
MANITOBA - SASKATCHEWAN - ALBERTA
Offices: DULUTH - MINNEAPOLIS

NORRIS GRAIN COMPANY
LIMITED
WINNIPEG AND TORONTO
PRIVATE WIRE SERVICE
GRAIN AND STOCKS
Represented by NORRIS GRAIN CO. at
London, Liverpool, Chicago, New York, Toledo, Kansas City

EST. 1857
Grain Merchants Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS Limited
WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

UNDERWOOD TYPEWRITER
The Underwood typewriter was patented by Franz X. Wagner on April 27, 1893. The Underwood Typewriter Company was incorporated by John T. Underwood.
The first Underwood typewriter was introduced into Canada in 1898 under a dealership arrangement with Mr. J. J. Seitz trading under the name of Creelman Brothers.
It has been estimated that there are over 200,000 Standard and Portable Underwoods now in use in business houses and homes in Canada. Many of these have been supplied from the Toronto factory which, at different times, according to tariff conditions, have also supplied Underwoods to South Africa, Port of Spain, Trinidad, Ceylon, England, Fiji Islands and Australia.
Underwood typewriters are advertised in Maclean's.
Maclean's
Canada's National Magazine

The Week in Mining

Boiling U. S. Politics Has Bearing on Mines

Ultimate Fate of Gold and Silver Hangs on Present Developments Across Border

In the U. S. political pot, now at the boiling point, are certain ingredients which will have a great deal of effect, one way or the other, on Canadian mining.

It is apparent now that the major issue will be finance. Landon has stated in his acceptance address, that Republicans hold "nothing to be of more urgent importance than putting our financial house in order." Roosevelt's plans in this regard are not known, and are probably largely unformed, enabling him to suit the action to the moment.

Apart from the obvious effects of the outcome on base metals, through the waning or acceleration of industry, the presidential election has a definite bearing on silver and gold mining.

Silver Policy Doomed

CLOSE observers appear to agree that the silver policy of the present administration, which is known to have never met with the secret approval of the president, is doomed to abandonment, no matter whom the occupant of the White House might be next March. The policy of subsidizing the silver producing states has been almost universally attacked, and universally disturbing.

If the U. S. treasury forsakes its 25-75 silver-gold currency, backing aspirations, it is difficult to see how the result could be anything but unfavorable to silver prices, temporarily, at least. In the long run, however, it might be the very best thing that ever happened to silver to allow it to stand on its own feet in the markets of the world as a necessary commodity. At least, silver producers would know where they stood, and would not have to face the fluctuating silver prices which have been such an unsettling factor, minewise, in the past year.

* * *

Gold is in the Air

AS TO gold, there is still, according to U. S. observers, a possibility of a "Free Gold Market" as outlined recently in The Financial Post. As was pointed out in the article referred to, the establishment of such a market depends on a long chain of events which will be started when France makes up her mind to leave gold. The rejection of the report, prepared by the Roper Advisory Committee, and advocating the establishment of a "free gold market," does not mean, The Post is reliably informed, that Roosevelt forces have abandoned the idea. The Roper Committee is quite a different one from the group that has the presidential ear and is recommending a free gold market on its own plan.

In the meantime, the market, both in Canada and abroad, is obviously anticipating some major international gold move. With matters of fiscal policy the big issue in the U. S. elections, gold is in the air, so to speak. The fact that markets the world over are stressing gold stocks leaves no doubt as to what the ultimate outcome for gold prices will be, in the minds of John Public.

* * *

A Bank Looks at Mining

THE Bank of Nova Scotia, in its Monthly Review, is doing a good job in presenting an unbiased analysis of the rôle played by mining in the Canadian business structure.

After presenting the familiar but still striking figures of Canadian metallic output over the past few years, the July Review analyzes mining's direct contribution to the national income, through dividends, value of output, employment, and the purchase of supplies. In the June Review, the Bank of Nova Scotia told the story of the growth of flying and commercial aviation in Canada as a result of the impetus given it by mining.

This valuable study illustrates what has often been pointed out in these columns, namely that institutions such as banks, investment and security houses are recognizing more and more that mining is an important basic industry for Canada, and one, moreover, that has had unprecedented growth. This change in attitude is one of the outstanding developments, as far as the industry is concerned, in recent years.

* * *

Bostock to Yukon

HEADED by H. F. Bostock, a Dominion Department of Mines field party is being sent into the Ogilvie area in the Yukon, Canada's largest placer gold field, to map and investigate the area, which covers some 4,500 square miles and includes most of the Klondike placer gold deposits and many important deposits outside that field.

Work in the area, which was commenced last year, involves a systematic study of all problems affecting the economic development of the deposits. Important among these is the reason why the placers do not extend beyond Dominion Creek, where, as far as is known, the same rock formation continues southeast from Klondike.

A second party, headed by J. R. Johnston, is engaged in a detail study of the lode gold appearances of the free gold mountain area.

Mining Briefs

Beaufor Mining Corp.—Work on sinking the shaft from the 325-ft. level to 625 ft. is now under way at this Quebec development. The company reports drifting on the south ore zone has yielded encouraging results. Current development programme calls for an expenditure of about $12,000 monthly.

* * *

Big Master Consolidated—John C. Rogers, Consulting Engineer for this company reports an ore shoot, trenched and sampled for 143 feet, shows average sampled width of 3.9 ft. with average value of .614 ounces or $21.29 per ton. This is on the main vein.

* * *

Gillies Lake Porcupine — F. O. Tidy, director of this company, informs The Post that drilling on the 300-ft. level between the Hollinger line and the main crosscut has opened up new ore bodies. Drilling on the 500-ft. level has been started to intersect this new material from that level. This find will also be explored from the 800-ft. level.

* * *

McMillan Gold Mines—First drill hole from the 875-ft. level has intersected the main vein at a point approximately 25 ft. ahead of the drift where work was suspended on this Sudbury property last May. True width of vein at this point is about 14 ft. Assays are awaited.

* * *

Miller Bay Gold Mines—Five drill holes put down on this property adjoining Bousquet in the West River area of Ontario have proved the main vein for a length of over 200 ft. east and west of the old shaft. The holes were carried to a vertical depth of 125 ft.

* * *

Minto Gold Mines—Reports June revenue of $17,529. Operating costs, not including depletion, depreciation or mineral tax was $18,944. Tons of ore handled was 2,051.

* * *

Mosher Long Lac—The geological survey has just been completed and directors have authorized a contract for a minimum of 2,000 ft. of diamond drilling. Camps destroyed in the recent forest fires are being reconstructed.

* * *

Presdor Gold Mines — Adjoining Preston East Dome in the Porcupine area, on the south, has let a contract for 10,000 ft. of diamond drilling to the Ryan Diamond Drilling Co. of Timmins. H. B. Hatch is in charge of drilling.

Better Outlook For God's Lake Seen in Report

Production Up, Costs Down in Second Quarter

For the first time since God's Lake Gold Mines went into production, a profit statement has been issued, covering the first half of the year.

While the statement shows improved conditions in the second quarter, most significant is the fact that R. J. Jowsey, president, reports sufficient new tonnage has resulted from developments on the third and fourth level to offset that drawn from ore reserves for milling, with the result that ore reserves remain unchanged. The grade of the new ore has not, however, been quite up to the general ore reserve average, but this is regarded as a temporary condition as an improvement in grade is expected ahead of development faces to the west.

As to depth development, started last spring, good progress is reported, the shaft having now reached a depth of 807 ft. toward its objective of 875 ft. Two new levels are to be established.

The profit statement carries through to the operating profit, no allowance being made for write-offs or reserves.

Comparative statements for the two quarters follows:

	1st quar. ended Mar. 31	2nd quar. ended June 30
Tons milled	13,370	13,501
Daily tonnage	146.9	148.4
Millheads (ounces)	0.362	0.392
Tail assay	0.024	0.043
Percentage recovery	93.5	89.0
Total production	$161,085	$165,026
Total oper. costs	123,419	123,134
Net oper. profit	$37,666	$41,892

CUNIPTAU MINES
BOUGHT — SOLD — QUOTED
ELgin 7193
H. B. HOUSSER & CO.
Members
The Toronto Stock Exchange
ROYAL BANK BLDG. TORONTO

NEWEST NICKEL-COPPER MINE

When the blast furnace and converter at Cuniptau Mines, in the Temagami area of Ontario, started up a few weeks ago, it marked the arrival of a new nickel-copper producer, and the end of a 26-year task on the part of the original staker. It is expected that the first shipment of converter matte will go forward to England early in August. Above is shown a recent view of this interesting new proposition.

Behind the Mining Boom

Public Omits to Mourn Passing of Syndicates

Definite Step Noted During Present Activity as Part of Growth of Financing

The interest which the public is showing in the mining market makes timely, The Financial Post feels, a general discussion of the broad facts underlying boom conditions such as exist in this field today. This is the third of a series aimed at opening up such a discussion, and deals with the syndicate method of financing.

Mining in Canada has proved itself, by overwhelmingly convincing figures, to be a growing industry. At $310 millions, the value of output in 1935 was 60% higher than that of 1932. By no means is this growth due entirely to higher gold prices, as the combined value of copper, nickel, lead and zinc production rose from $32 millions in 1932 to $88 millions in 1935.

When an industry grows so forcibly in its physical aspect, it is only natural that its fiscal aspect should also show signs of growth. Mine financing has grown up since the early days, and has shown proportionate growth in the past few years.

In many respects, arm-chair critics of the mining industry are still thinking, to utilize a now famous expression, in terms of the "horse and buggy days." Just recently a man who has raised a considerable amount of money for legitimate mining enterprises was chatting with the writer about the early days. He was interested about 1910 in the Gowganda silver camp, and had been offered an option on a property in that area. Surface showings looked good, and work was started. An expensive engineer and expert crew were hired, and worked all winter, piling high grade ore for shipment in the spring. When a particularly rich specimen was located, it was passed from hand to hand, admired, and piled.

It Wasn't Silver

In the spring the shipment was made, and netted the ocmpany just $500—not even enough to partially meet expenses. The reason was that the much admired samples were not silver, but niccolite. These men were, for that day, expert developers. But in those days, when a group were offered a property, they were forbidden by law to blow into it for assay. They must take it, virtually sight unseen, or leave it alone.

Such an incident would be impossible today, because of the fact that before a property is acquired by a financial group of any repute, thorough sampling and examination is not only permitted, but taken for granted.

In many such ways has the fiscal growth of mining reflected the physical growth. Some of these growth signs can be noticed in the short period of a few years as for example, in the case of syndicate financing.

Public syndicates have lost a great deal of their popularity, as the mining industry has expanded, although they are, of course, still utilized for early financing.

A few years ago, syndicates provided a handy method of proving up a property. In 1933 and 1934, there were more syndicates formed than companies. This is certainly not true today.

Unit Holders Responsible for Debts

The fact that a syndicate is merely a partnership, and involves all the responsibility of a partnership, is not generally grasped by the speculating public. Many who purchase units in some gold mining syndicate are blissfully unaware that in so doing they make themselves responsible, separately and jointly, for the debts of that syndicate. Syndicates are not governed by the Companies Act but by the general law of partnership. If one unit holder is a rich man, and another poor, the creditors of the syndicate can hold the affluent one responsible for the debts. This liability is not limited to the selling price of the units, but covers the entire debt, which might conceivably run into many thousands of dollars.

There have been cases where an unscrupulous syndicate manager has skipped out, after piling up debts, and left the unit holders holding the units, and the bag.

In recent years, cases where the unit holder has had to pay up, have been rare. If a syndicate is not a racket, the manager usually has enough business ability to keep the expenses within the treasury's scope. Credit managers do not like giving credit to a mining syndicate, unless the promoters are well known.

Losing Popularity

The syndicate is undoubtedly losing popularity, at least as far as the public are concerned. One of the reasons has been given. Another is that money is easier to collect. The syndicate form of financing was designed to raise comparatively small amounts for the initial development of the property. Usually the unit holder is entitled to a few hundred shares in a company to be formed. It is the most speculative form of "investment." Yet, since the early stages of mining are essentially speculative, during times when large sums are not available, a $35,000 syndicate was the handiest form of raising money to see what a property contained on surface.

Today, while the public cannot apparently digest so much speculation, money is freer than it was 2 or 3 years ago, and is obtainable in larger amounts. Recently The Financial Post talked with a Buffalo promoter of good standing, who stated he had only been in Toronto a week, and had raised, with a minimum of effort, $40,000 for a mining property.

Another reason why one does not see so many syndicate units for sale to the public is because to a greater and greater extent, the larger corporations are giving mining properties their kindergarten tests. There are plenty of examples to illustrate this but the case of McIntyre Porcupine's Mud Lake property will serve, because it applies to a brand new area, in which all the preliminary development work was done by an expert management, and, after the property had proved itself as a speculation, a limited company was formed Here is a case, and there are many more, where a prospect was brought to an advanced stage of development, without recourse to the syndicate promotion. The only risk taken by the public was the comparatively small risk taken by shareholders of McIntyre Porcupine.

Sometimes Prove Bonanza

While the nature of syndicate units makes them rather unattractive to the cautious investor, there have been cases where they have brought a rich reward to the owner. Howey comes to mind as a case in point. Units in Howey Gold Syndicate could be bought in the early days for $25 a unit. When Howey Gold Mines was formed, unit holders received 400 shares in the new company for each unit. In January, 1927, according to an advertisement appearing in The Post, Howey Gold Mines stock was offered at 50 cents a share, so that an investment of $25 brought the purchaser $200 if he had sold. If he retained his stock, and sold in 1928, at the high, his $25 would have brought him a return of about $760.

Despite these rare cases where holdings in a syndicate have reaped rich rewards, the syndicate system has probably been responsible for more grief than otherwise. The fact that syndicates, or rather, public syndicates, are waning in popularity, and are comparatively scarce even during the current mining boom is for the best. There are those who believe that the early exploration of a mining property is a task for the big fellows, and offers too many risks to the man to whom the outlay of $100 for units is a serious matter.

This does not mean that in certain circumstances, and under certain conditions syndicates have no place in the mining picture. As has been said, speculative money in large amounts was not as readily available a few years ago as today, and syndicates then had a very definite place in keeping money flowing to the mining fields. It was, at that time, necessary to resort to small sums of money, and many of the syndicates formed in that period are today successful or partially successful companies.

But the circumstances which made syndicates more or less of a necessary evil in the past, do not appear to be present in the current mining boom, and this pitfall, at least, is absent.

Darwin's 6th Level Still Makes News

Developments on the sixth level of Darwin Gold Mines, in the Michipicoten area of Ontario, continue to mark this level as one of the most important so far opened up, The Financial Post is advised. Dr. M. H. Frohberg, mine manager, has reported that the southern continuation of the Grace vein, productive of considerable ore, has been located on this level. At the point of intersection, 3 ft. of well mineralized quartz was exposed.

Raising has started on the new vein, discovery of which was reported recently, on the 6th level.

Ventures Trio Output Better In 2nd Quarter

Beattie, Matachewan, and Coniaurum Return Estimates

EXPENSES HIGHER

Three of Ventures Ltd. gold producing subsidiaries, Matachewan Consolidated, Beattie Gold Mines, and Coniaurum Mines, have had satisfactory second quarters, it is revealed in financial statements covering the 3 months ended June 30, 1936.

Matachewan Consolidated, in the Matachewan area of Ontario, which came into production in November, 1934, showed increased recovery. Development and operating costs, however, showed a considerable increase due to underground development and diamond drilling expenditures, which, in the 1936 second quarter exceeded by $15,000 the expenditures for this work in the corresponding period of 1935. This increase reduced net profit by almost exactly this amount.

Statements for the 3 companies, with a comparative compilation for the 1935 period, follows. It should be noted, in addition to the higher development costs at Matachewan, that the estimates make no allowance for taxes, depreciation or deferred development.

MATACHEWAN CONSOLIDATED
(Quarter ended June 30)

	1936 $	1935 $
Net metal sales	99,437	90,656
Dev. & oper. costs	86,286	61,856
Est. oper. profit	13,151	28,800
Non-operat. revenue	634	....
Est. profit	13,785	28,800
Tons milled	13,803	12,298
Rec. per ton	$7.30	$7.37

BEATTIE GOLD MINES
(Quarter ended June 30)

	1936 $	1935 $
Net metal sales*	506,811	369,805
Dev., oper., etc. expenses	283,641	238,042
Est. oper. profit	223,170	131,763
Non-oper. revenue	2,361	1,697
Est. profit	225,531	133,442
Tons milled	136,260	99,200
Rec. per ton	$3.71	$3.72

CONIAURUM MINES
(Quarter ended June 30)

	1936 $	1935 $
Net metal sales	349,422	281,422
Dev. & oper. costs	276,165	224,037
Est. oper. profit	73,800	57,384
Non-oper. revenue*	7,557	7,721
Est. total profit	81,357	65,105
Tons milled	42,160	37,875
Recovery per ton	$8.28	$7.43

Thompson Cadillac Reviews Finances

Current assets of $68,840, of which $28,504 is in cash, against current liabilities of $17,738 are shown in the balance sheet of Thompson Cadillac Mining Corp. as at April 30, 1936.

Development expenditure, comprised of all organization expenses and development general, management and administrative expenses since acquisition of the property have been capitalized at $72,651.

A. P. Earle, president, states that of the 401,000 shares subscribed for by a small group at the outset of renewed operations, none have been sold by the subscribers. On April 30, the balance sheet shows, 2,450,356 shares had been issued and paid for, and 100,000 shares subscribed but not issued. Of the remaining unissued shares, 435,500 are under option and 14,000 are reserved for payment of certain secured liabilities.

The report of Andrew Walz, managing director, is dated June 17, and reviews development of the property prior to this date, the highlights of which have been covered from time to time in The Financial Post.

East Malartic Mines Issues Additional Shares

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has called for trading an additional 109,000 shares of East Malartic Mines Ltd. This addition brings the total of listed outstanding shares to 1,470,121, in addition to which there are 1 million shares in escrow and 429,879 shares stil under option.

Cuniptau Ends 26-Year Wish, Now Producer

Temagami Nickel-Copper Development to Ship Matte

STAKED IN 1910

By WILFRID SAUNDERS

GOWARD, Ont. — For 26 years George Watkins's greatest desire was to hear a whistle blow on a group of claims 3 miles west of here.

A few weeks ago, the peace of the Temagami Forest Reserve was shattered by a shrill blast from a whistle atop the smelter house of Cuniptau Mines, and George Watkins had his wish.

With the starting up of the new converter, Cuniptau Mines may be said to have begun production although the first shipment of copper-nickel-platinum-gold matte will not go forward to England until the first week in August.

When Watkins first staked the property in 1910, nickel was a drug on the market, and little more than something that interfered with the production of copper. He looked on the property as a copper-gold proposition. The development of nickel as a commercial metal has been one of the outstanding mineral developments of recent years. As a result of research work carried on by International Nickel Co. of Canada, there is now a steady demand for the metal and the property back in the bush west of Temagami gradually altered its vocation, changing from a gold-copper to a nickel-copper prospect.

All this time George Watkins and his sons retained the claims. Prospector-like, the elder Watkins sold most of his other stakings, but often said he would not be content until a whistle blew on the Temagami prospect. Now that the whistle has blown, Watkins and his family have still a large interest in the company, making the story of Cuniptau and its staker rather different from the story of most mines.

Matte Shipped to England

At the present time, the ultimate product at Cuniptau is a high grade matte, containing about 80% nickel, plus copper, a small amount of iron, sulphur and the precious metals. The matte is packed in oak barrels containing about 1,300 to 1,400 pounds and valued at about $400 a ton for export to the English refinery. Cuniptau has no interest in this refinery, apart from the sale of the matte.

As Cuniptau, whose name, incidentally, is an ingenious combination of the chemical symbols for copper, nickel, platinum and gold, goes into production, there are, officials told The Financial Post, about 14,000 tons of ore blocked out above the 100-ft. level, and another 14,000 tons probable ore, also above the 100 ft. At the present time, the mine is being worked on 2 levels. Much of the mineral occurs in disseminated ore, which officials feel will be commercial when the smelter gets fully going. This disseminated ore is interspersed with the high grade veins, and lenses of sulphides.

Late in 1934, Cuniptau installed its blast furnace, but found that the blast furnace matte could not be shipped to England at a profit. It was necessary to carry the process one step further and the converter was purchased and installed. The plant is operated by steam at present, with Diesel supplying power for the air supply.

No Comparable Precedent

Officials of the company have estimated that the gross value of the ore will run about $36 per ton, or about $24 net to Cuniptau. It is too early yet to attempt an estimate of costs and a resultant profit. In view of the fact that Cuniptau has no comparable precedent on which to base such an estimate, it does not appear likely one will be possible until after the property has been in production for some months.

Operation and management of Cuniptau is under the supervision of Mining Research Corp. E. E. Campbell, of that corporation, has reported favorably on the property, as has Percy Hopkins, and Dr. Atsushi Matsubara, of the University of Kyota, Japan. Dr. Matsubara, motivated by the desire of the Orient for a commercial supply of nickel, was in Canada making practical tests of a geophysical method of prospecting. Japan has large bodies of nickel-bearing rock, and is seeking to develop the geophysical survey, with the intention of locating the higher grade bodies. Dr. Matsubara spent some months on the Cuniptau property, and the results of his survey are being utilized by the Canadian company.

Cuniptau has an authorized capitalization of 3 million shares, of which 2,610,000 are outstanding. H. B. Housser & Co., has financed development through stock options.

The company has acquired a working option on the Alexo property of 500 acres on the Temagami section of the T. & N. O., near Alexo Siding. This property was an important source of nickel for Mond Metal Co. during the war.

Strathy Basin Mines

The occurrence being worked by Cuniptau lies within an area of about 5 square miles of serpentine rock. Apart from Strathy Basin Mines, to the east, Cuniptau is the only company actively engaged in developing this type of ore. A small occurrence of the formation has been indicated on Strathy Basin Mines property. While Strathy Basin is essentially a gold prospect, a small occurrence of the nickel-copper material has been found on the property, and, officials told The Post, will probably be worked in conjunction with the gold after Strathy reaches the underground stage. At present a considerable amount of surface work has been carried out in preparation for shaft sinking at Strathy.

International Nickel Co., who has assisted Cuniptau in getting acquainted with this particular type of ore, has acquired sizable amounts of property immediately adjoining the Cuniptau operation.

The Temagami reserve has long been known as a geologists' paradise, so diversified are the rock structures. An entirely different type of occurrence is being worked by Manitoba & Eastern Mines, who appear to be getting encouraging results from their property between Goward and Temagami. Three levels are being opened, and, as stated recently by Walter E. Hurd, president, the company is making metallurgical tests with a view to the design of a final flow-sheet. No estimate of ore or grade will be available until, by raising, the continuity of the ore between levels has been proved.

Another property in the area on which a considerable amount of interest centres is the old Afton property, now being developed by Consolidated Mining & Smelting Co. through New Golden Rose Mines. This property is being prepared for production, and equipment for a 50-ton mill is now being shipped in. Stock of New Golden Rose Mines was called for trading on the Montreal Curb market last week. Of the capital of 3 million shares, 2 million have been issued to Smelters for advances of $100,000, while the balance were issued to the Toronto General Trust Corp. in trust for Afton Mines, as payment for the properties. This stock will eventually be distributed to Afton shareholders on the basis of one for 2.

Smelters had also advanced to May 31 last, $167,496 which bears interest at 7% and is to be repaid out of the first profits of the mine.

At this property, no estimate has been made as to tonnage in reserve, pending the blocking out of the ore body by raises, but Smelters, in its annual report and at the annual meeting indicated commercial tonnages existed.

Group Bought By Grandboro

Old Kalamalka Property Will Be Drilled

VANCOUVER.—Grandboro Gold Mines, Ltd., of Vancouver, has purchased Kalamalka Gold Mines property, 11 miles from Vernon, it is announced by William Somerville, president of Kalamalka, which comprises 39 claims acquired a couple of years ago. Mr. Somerville is a pioneer of the Klondike, Australia and South Africa. The Kalamalka was examined by Major C. B. North, engineer for Col. Victor Spencer and associates, prior to the sale to Grandboro. Diamond drilling is planned at first, and a 50-ton mill is also scheduled.

Kootenay Ore Hill, Sheep Creek area, Nelson district, will start shipping ore to the smelter as soon as the road to the mine and construction of bunkers at the portal of No. 1 tunnel are finished. A mill may be built later, but a 2-mile electric power line would have to be built to accommodate this, as the present 72 horsepower Gardiner-Diesel of British manufacture would probably be inadequate.

Gasoline Price War Strikes Vancouver

A gasoline price war which started in suburban districts in Vancouver recently, has invaded the down-town section of the city, and nearly all service stations were selling the fuel at 25 cents a gallon, 3 cents lower than the regulation price, says Canadian Automotive Trade. A number of private stations had dropped the price to 24 cents.

The wholesale price is reported to be 23 cents a gallon, and oil companies claim no reduction has been granted service station operators.

N. C. URQUHART & CO.
STOCK BROKERS
Members Toronto Stock Exchange
15 King Street West Toronto, Ont.
ADel. 6028

Earn 5c Share In First Year At Sheep Creek

Report Shows Ore Reserves of 65,230 Tons

Sheep Creek Gold Mines, whose mill in the Sheep Creek field of British Columbia came into production in May, 1935, reports a net profit of $108,682 for the 13 months ended May 31, 1936. This is equivalent to about 5 cents per share on the 1,875,000 shares outstanding. Sheep Creek paid its first quarterly dividend of 2 cents per share last July 15.

H. E. Doelle, superintendent, reports ore reserves blocked out totalled 26,940 tons, of 0.32 ounces grade as at July 1. In addition to this there are 38,290 tons partially developed, bringing the total estimated reserves to 65,230 tons.

During the period from the time the mill started, May 20, 1935, until May 31, 1936, 51,022 tons were milled, making average recovery per ton about $10.62. Mill heads averaged about 0.32 oz. gold per ton.

The balance sheet as at May 31, 1936, shows current assets of $170,731, against current liabilities of $76,855. This leaves a working capital of $93,876. Of the current assets, $154,160 was in cash and bullion. In addition to current assets, the balance sheet shows $60,000 in Burrard Dry Dock Co. bonds, and $823 in Dominion of Canada bonds.

Profit and loss statement, covering 12 months of actual production, follows:

PROFIT & LOSS ACCOUNT
13 Months Ended May 31, 1936

	$
Proceeds from bullion	542,034
Less: Min. & milling costs	258,733
B. C. taxes	9,385
Gen. admin. & off. ex.	12,777
Income taxes	35,398
Operating earnings	225,741
Add: Misc. earnings	2,622
Total net earnings	228,363
Less: Depreciation	13,441
Depletion	106,240
Net profit	108,682
Earnings per share	$0.05

Clericy Interest Centred on Arno

It Will Acquire Half Interest in Rouyn Property

Principal interest of Clericy Consolidated Mines at the present time centres on a potential 50% ownership in a group of claims adjoining McWatters Gold Mines, in the Rouyn area of Quebec, on the west, annual report of the company just released shows.

The property in North Carolina, on which Clericy had a working option, was abandoned last August, after disappointing results. The company's Clericy twp., Que. property saw only sufficient work to cover assessment.

Clericy will acquire a 50% interest in the Rouyn property after it has spent $20,000 over a period of 9 months on development. The agreement was arrived at with Arno Mines, present owners of this group, in February of this year. J. S. Stratton, managing director of Clericy, states drilling has to date indicated a striking similarity between the Arno occurrence and that of McWatters, the producing neighbor. A shaft will now be sunk to at least 1,000 ft., Mr. Stratton states.

The balance sheet as at May 31, 1936, shows cash on hand and marketable investments, at a book value of $50, to total $6,281. Current liabilities are nil. Expenditure deferred to future operations is capitalized at $230,985.

In the period from Jan. 1, 1935, to May 31, 1936, the company had spent $20,638 on the North Carolina property; $369 on the Clericy property, and $5,369 on the Arno property.

Rahill Red Lake
Adjoining McKenzie Red Lake and Gold Eagle
INFORMATION UPON REQUEST
Lloyd Lott & Company Limited
401 Bank of Hamilton Bldg.,
67 Yonge Street, Toronto
WAverley 2989

BLUE STAR MINES
LIMITED
Expands Development Program
We believe the mine-wise position of Blue Star warrants an immediate market advance in price of these shares.
Full particulars of this interesting gold mine development will be forwarded on request.
LLOYD LOTT & COMPANY
401 Bank of Hamilton Bldg. 67 Yonge Street
WAverley 2989 Toronto

Kenora Area Buzzing With Mine Activity

Number of Claims Recorded to Set New '36 High

MANY TO RESUME

From Our Own Correspondent

KENORA.—In addition to the 4 producers in operation in Lake of the Woods, discussed in last week's issue of The Financial Post, there is intense mining activity in the same area, over a dozen properties being active, while half a dozen others are making plans for resuming work soon.

Blue Star Mines is one of the important prospects. This company has acquired one of the old Lake of the Woods operations adjoining Wendigo. Shaft sinking is underway on the old No. 2 shaft. At present this shaft is down 40 ft. and will be deepened to 150 ft. Diamond drilling is being carried out in conjunction.

Gold Creek Mines, in Bigstone Bay, has had successful indications from a diamond drill campaign completed during the winter and the shallow shaft is being extented to 250 ft. to block out ore for milling operations as quickly as possible.

Lake Hill Gold

Diamond drilling is in progress on Lake Hill Gold Mines property at Gull Island. This group has returned interesting results from surface work which consisted principally of trenching.

Franklin Mining Co, developing the old Champion Mine 9 miles east of Kenora, has met with disappointing results from a diamond drill campaign which was carried out in the spring. There are still potentially important showings to be explored, however, and before this group is abandoned considerable work still remains to be done. The company is consequently continuing surface work and prospecting.

Diamond drilling is in progress at the Neda Gold Mines property which adjoins the Horseshoe Mines, 42 miles from Kenora. First results are very encouraging, a core from one hole yielding 16 ft. averaging $20.84 in 4 sections. Four ft. assayed $75.60; 4 ft. assayed $2.10; 4 ft. assayed 70 cents and the fourth section of 4 ft. gave $4.90. No. 1 hole across 14 ft. averaged $7 and No. 3 hole showed values across 14 ft. Two thousand feet of drilling is the minimum programme called for.

Buffalo Canadian has been financing work at Velma Gold Mines where 2,000 ft. of drilling has been completed.

Blackburn-Pattison Mines is doing surface work, stripping and trenching with funds supplied by its controlling interests, LaRose Mines Limited. The copper vein has been lengthened to 900 ft. with width of 20 ft. on an average. Values in gold and copper are reported, one section of 114 ft. averaging $14.80 per ton in gold across 4 ft. The company plans diamond drilling which will probably get started next month.

The old Olympia mine which adjoins the producing Kenora Prospectors and Miners has been reopened this summer with diamond drilling being done from underground where feed for a 10 stamp mill was secured early in the century.

Northern Canada Mining Corp.

The importance of the Lake of the Woods area is demonstrated by the fact that Northern Canada Mining Corporation is now looking around the field for a property to develop. Something definite in this regard is expected to be forthcoming shortly. The recent nickel find at Empire Lake, southeast of Kenora, is being surface explored by Coniagas Mines. A large deposit of manganese was found on a farm near Kenora early in the summer. Nothing in the way of development has yet been announced but the find in regarded with much interest.

In the prospecting fields there has also been intense activity in all sections of the Kenora mining division, in fact never before has there been so much interest within the division as shown by figures released by the mining recorder The total number of claims recorded this year to the end of June was 772 against 396 for the same period in 1935 which is the previous record year. Without any doubt a new record will be set during the current year. Up to about the middle of July, 283 miners' licenses were issued.

Faulkenham Now Company

New Company Has Encouraging Showings on Surface

Faulkenham Lake will have an just been formed to succeed Faulkenham Lake Gold Syndicate and to acquire additional holdings in the Pipestone Bay section of the Red Lake area.

Faulkenham Lake will have an authorized capitalization of 3.5 million shares, $1 par value. Unit holders in the Syndicate will eventually receive 250 shares for every unit held.

The board of Faulkenham Lake Gold Mines comprises: Colin A. Campbell, Red Lake, president; T. W. Dean, Toronto, vice-president and managing director; Willard M. Gordon, Toronto, sec.-treas. and director; Earle K. Twombly and Frank T. Davis, Buffalo, directors.

To date surface work only has been done on the property but Mr. Campbell reports that showings are encouraging. A feldspar porphyry dyke, 10 to 15 ft. in width and well mineralized has been traced for 1,600 ft., Mr. Campbell states. It runs in an east and west direction and the quartz vein in the dyke has been cross trenched for the length of 600 ft. It has a width of 8 in. up to 5 ft. of quartz showing high grade for the whole 600 ft.

Directors plan to drill in the near future.

TO SERVE THE NORTH

The purchase of 2 Lockheed Electra 10-passenger planes by Canadian Airways has been announced by G. A. Thompson, general manager. These Lockheed Electras are identical with those used by North West Airlines and other companies who hold contracts for carrying U. S. mail. Further additions to Canadian Airways fleet are 2 Stinsons, "Reliant" model powered with Lycoming motors of 250 h.p. These planes will be operated in the Red Lake and Central Manitoba Mining areas. The above view shows one of the new Lockheeds.

Av Shipment Goes Awry
L. B. United Gives P_T a Try

The old nursery yarn about the hen that hatched out a duckling, to the amazement and consternation of the other 11 chicks, has something in the nature of a modern counterpart in the mining industry.

There is nothing in the old story to indicate the hen did not sincerely and honestly set out to convert this particular egg into a chicken. So did the mining industry try its darndest to make a gold mine out of the Centennial Mine, now owned entirely by L. B. United Mines.

But instead of gold, what have you got? Platinous ammonia chloride.

For some time now it has been apparent the Michipicoten operation of L. B. United Mines was to be a strange offspring.

The story of this amazing transformation from a gold "mine" to a platinous ammonia chloride producer can be traced via a series of weekly bulletins issued by Lancaster Bros., of Toronto.

As recently as February of this year, this bulletin still continued to talk of L. B. (Lancaster Bros.) United as a potential gold mine. The bulletin of Feb. 22, after mentioning the fact that Lake Shore Mines was to pay its usual bonus, switched to L. B. United, and stated that, "It is anticipated that the first gold brick will be poured during the week ending Feb. 29."

Shame on the Mint

Unfortunately, however, something untoward happened to the "Amalgam barrel" and the pouring of the first gold brick was not announced until the bulletin, which is entitled "Gold Mining Today," of March 7. This bulletin stated: "Following the arrival and installation of the Amalgam barrel, the Centennial Mine reports the pouring of the first Gold Brick, (capitalized) which has been shipped to the mint at Ottawa."

And right here is where the Royal Mint, or the railroads, should hang their heads, because mint returns from Ottawa give no indication of ever having received this brick.

Faced with such appalling lack of co-operation, it is not surprising to find the management of L. B. United turning in disgust from gold, and concentrating on the "precious metal content" of the ore.

All this time, Lancaster Bros., were urging the readers of "Gold Mining Today" to purchase stock of L. B. United Mines at 70 cents, then 75 cents, and, at time of writing 85 cents per share.

These records show that Lancaster Bros. obtained the stock on the following schedule of prices:

Allotment Prices

No. of shares	Price per share $	To L.B. treasury $
100,000	0.12	12,000
100,000	0.16	16,000
100,000	0.18	18,000
250,000	0.18	45,000
150,000	0.25	37,500
125,000	0.25	31,450
18,166	0.32	5,808.45

Seeking further enlightenment on this intriguing development, The Post visited the head office of L. B. United, which is also the office of Lancaster Bros.

Passing through the real estate department, The Post was ushered into the presence of one, T. R. Pinner, described as general manager.

Brick Returned

Since the question of the missing gold brick weighed most heavily on The Post's editorial mind, this was the first subject broached.

Mr. Pinner to the relief of the reporter dismissed it lightly. "That brick," he said, "was returned to us because of its precious metal content for refining." Thus, apparently, indicating that the refinery at L. B. United was better equipped for this sort of thing than the Royal Mint. Something should be done about the Mint.

"We are not after gold now, we are after platinum," Mr. Pinner confided. "The Securities Commission told us we could go further than we did in our bulletins, but I told them that if we published our assays, they would be the first ones to demand our arrest, they, (the assays) are so high."

Mr. Pinner showed The Post assay returns, stressing that the amounts were in confidence. In any event, the assays were not the result of systematic sampling, and so could not be considered particularly significant.

What actually is being produced at the mine? The bulletin of Lancaster Bros., in addition to speaking of gold, indicated a diversity of output. One week, readers of "Gold Mining Today" would be informed that so many pounds of "blanket concentrates" had been produced. Sometimes it was "flotation concentrates," or "jig concentrates," or "froth flotation concentrates," and even "Plat-O Table concentrates." In June, the company reported that the finished product was "platinous ammonia chloride."

"But we are not shipping concentrates now," Mr. Pinner told The Post. "We are shipping the next thing to the pure platinum metal." No production figures, or values of any sort, however, were obtainable.

Says Stock Hard to Get

Mr. Pinner said a great deal. Most of what he said was in the form of a running fire of commentary on a nicely bound book of photographs, kept handy on his desk. He said it was doubtful if one could buy a share of L. B. in the open market, so satisfied were the public with their stock.

But the public were not all as logical as that. A. C. McLean, company secretary, voiced the main grievance against the public when he asked The Post: "Why do people go to the newspapers for information regarding our proposition? If they would only come here, we could talk to them."

Which is true enough.

Bousquet Testing Depth Conditions

Will Drill from 450-ft. Level — Start Dewatering

From Our Own Correspondent

SUDBURY.—While stoping operations are proceeding at the 150- and 300-ft. levels of Bousquet Gold Mines, the management is preparing to dewater the third, or 450-ft. level, where deep diamond drilling will be undertaken to test the ore possibilities at the lower horizons.

At the 450-ft. level, in the earlier work, development of the contact vein was disappointing, as values were low, but diamond drilling into the shear zone in the diabase indicated a strong quartz vein averaging 6 ft. in width for a length of 160 ft., one drill intersection showing 1.63 oz. over 6½ ft. A second hole gave .15 oz. over 6 ft., and a third intersection yielded .36 oz. over 3 ft.

Bousquet is now installing an additional power unit consisting of a 75-h.p. Diesel engine to care for the expanded programme.

Development at the 2 upper levels is progressing satisfactorily, the length of ore at both horizons being extended in the stopes. While previously about 60% of the millfeed was coming from the mine with the balance from the surface dump, the percentage has now been raised to about 90% from underground workings.

East Malartic Mines Issues Additional Stock

From Our Own Correspondent

MONTREAL. — Montreal Curb Market has listed an additional 15,000 shares of East Malartic Mines. This brings the total of listed shares to 1,361,121, in addition to which there are 1 million shares in escrow and 538,879 still under option.

Charter Revived

Premier Woman Lake Gold Mines—Notice was given June 3, 1936, reviving the charter or letters patent of the company (incorporated May 17, 1928), the corporate powers of which had been forfeited.

Leitch High Grade Cut on Two Levels

The drift on the second level at Leitch Gold Mines, in Beardmore area, is in 115 ft., the average garde being about 2 oz. gold to the ton, over average widths of 20 inches. H. J. MacKay, sec.-treas. of the company informs The Financial Post. At press time the face was still in ore. This is on No. 1 vein. On the same vein on the third level, some 90 ft. averaged $23.80 over a 30-inch width. Mr. McKay explained that the work on the first level had not progressed far enough to encounter this material.

Development of this property is being financed by Springer-Sturgeon Gold Mines.

Gale Gold Reports Good Cash Position

Current assets comprising cash of $8,950 against current liabilities of $5,517 are reported in an audited balance sheet of Gale Gold Mines as of March 31, 1936. Exploration and development expenditures to the date of the balance sheet have been capitalized at $74,503. This includes cost of plant and equipment, development, incorporation, and administration expenses. Of the authorized capitalization of 3 million shares, $1 par value, all have been subscribed.

Reporting on the property in the Siscoe area of Quebec up to June, 1936, V. M. Ryan states the 2 compartment shafts have been sunk to 275 ft. and levels established at 125 and 250 ft. Cross cutting is now under way toward the vein which showed up well on the surface.

E. E. Sheppard, president, states that as of June 13, 1936, the cash position of the company was $12,449. Paquette Securities, who have underwritten their stock, are understood to be taking up their allotment each month regularly to provide finances.

At the Mines

From Our Own Correspondent

WINNIPEG.—Work has started on the development of a group of claims held by Capital Interests Ltd., Toronto, adjoining the Gurney Gold Mines, 12 miles north of Cranberry Portage. Newton Wylie, formerly operator of Gurney Gold Mines under the name of Wylie Dominion, has initiated the new work and Colonel W. L. West, for 2½ years in charge of Wylie Dominion, is now in charge of Capital Interests. In addition to the original group of 6 claims another group of 11 claims was added by purchase. The additional group runs to the shores of Brune Lake.

* * *

Vanson Distributes

Vanson Manitoba Gold Mines is distributing a portion of its holdings to shareholders, according to an announcement contained in a letter to shareholders from North Canadian Trust Co. Vanson Manitoba Gold Mines shareholders will receive one share of Gold Lake stock for each 16 shares now held. This will leave the Vanson treasury with about $5,000 and also some remaining shares of Gold Lake.

* * *

Gurney Gold High Grade

Unofficial information about Gurney Gold Mines, but from an authentic source, says that on the No. 2 vein the drift face cut jewellery ore running 7½ ounces of gold to the ton. All 3 levels, the information says, will average half an ounce or better from full drift widths to widths as much as 40 ft.

* * *

Horseshoe Active

Hilding Johnson, former manager at Kenora Prospectors and Miners, has been placed in charge of development work at the Horseshoe mines and is already at the camp. Horseshoe is the old Regina, about 45 miles out from Kenora. The shaft is to be reconditioned and the stamp mill on the property put in shape for operation.

Bouscadillac Offers Stock

Company Is Successor to Graham Bousquet Mines

In accordance with the reorganization plan approved by shareholders in June last, whereby Graham Bousquet Gold Mines was to turn its property in Bousquet Twp., Que., over to a new company, Bouscadillac Gold Mine has been formed and is currently offering through McFetrick & Co., Nesbitt, Thomson & Co. and McCuaig Bros. & Co. of Montreal 800,000 shares at 30c. a share.

Bouscadillac Gold Mine has an authorized capitalization of 3,000,000 shares $1 par value. For the properties, 1.1 million shares of stock were issued and are to be held in escrow until July 2, 1937, and after that date at the pleasure of the Ontario Securities Commission. The properties join Thompson Cadillac Mining Corp. on the west.

Previous Developments

Developments carried on by the former operators in 1928 and 1929, consisted of sinking a 2-compartment shaft to a depth of 525 ft. and establishing 4 levels. A total of 1,400 ft. of lateral work was done and 4,000 ft. of drilling.

According to Andrew Walz who has reported on the properties, 4 veins have been found in a north crosscut on the 125-ft. level, but only one of these has been drifted on. In his report, Mr. Walz says: "Encouraging diamond drill and surface results have been obtained both to the east and west of the shaft and it would appear that the likelihood of ore deposition in these places is such as to warrant substantial expenditures for exploration and developments."

Of the 1,899,995 shares remaining in the treasury, the syndicate has purchased and has options to purchase 1.8 million shares.

Canadian Beardmore Prepares for Drill

Canadian Beardmore Gold Syndicate is opening up the property and getting it into shape for drilling. The property is between the Northern Empire and Sand River Gold Mines in the Beardmore district of Ontario. Work is under the management of the Maylor Hayne Exploration Co.

Maylor Hayne informs The Financial Post that Canadian Beardmore Gold Syndicate intends to market an additional 500 units at $25 per unit in the near future, the units calling for 500 shares each in a 3 million share company, if organized.

ASBESTOS

During the first quarter of 1936 Canadian shipments of asbestos totalled over 50,000 tons or nearly 50 per cent above the tonnage shipped in the corresponding months in 1935.

Mine Incorporations

The present mining boom is like all other mining booms, in that one major result has been the incorporation of many new concerns. Some of these companies never even get to the stage of offering their stock to the public. Others are merely reorganizations of old companies. Following is a list of new companies formed in the past few weeks or so:

Balsam Gold Mines—Ont. incorp. June 11, 1936. H. O. Toronto. Author. cap., $3,000,000, par $1.

Braeberne Gold Mining—B. C. incorp. as a specially limited company, June 13, 1936. H. O. 1422 Standard Bank Bldg., 510 Hastings St. W., Vancouver.

Brae-Breest Gold Mines—Ont. incorp. June 2, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Calvert Porcupine Mines—Ont. incorp. June 12, 1936. H. O. Toronto. Author. cap. $100,000, par $1.

Cariboo Mineral Holdings—B. C. incorp. June 9, 1936. H. O. 110 Belmont House, 805 Government St., Victoria. Author. cap. 25,000 shares. No par value.

Casakirk Gold Mines—Ont. incorp. June 10, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Coquihalla Placer Mining—B. C. incorp. June 8, 1936. H. O. 404 Pacific Bldg., 744 Hastings St. W., Vancouver. Author. cap. 200,000 shares, no par value.

Curbo Mines—Dom. Incorp. May 21, 1936. H. O. Edmonton. Author. cap. 1,000 shares, no par value.

Davura Gold Mines—Ont. incorp. June 5, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Dome Holdings—B. C. incorp. June 3, 1936. H. O. 520 Stock Exchange Bldg., 475 Howe St., Vancouver. Author. cap. $150,000 divided into 300,000 shares of 50 cents each.

Fernland Gold Mines—Ont. incorp. May 30, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Flotten Lake Mining & Development—Sask. incorp. May 23, 1936. H. O. Moose Jaw. Author. cap. $20,000.

Garreon Mines—Ont. incorp. May 11, 1936. H. O. Kirkland Lake. Author. cap. $3,000,000, par $1.

Golden Trinity Mines—Ont. incorp. June 17, 1936. H. O. Toronto. Author. cap. $4,000,000, par $1.

Gold Seekers Mines—Ont. incorp. May 22, 1936. H. O. Toronto. Author. cap. $4,000,000, par $1.

Halco Gold Mines—B. C. incorp. June 4, 1936, as a specially limited company. H. O. 789 Pender St. W., Vancouver. Author. cap. $500,000 in 1,000,000 shares of 50 cents each.

Harwick-Kirkland Gold Mines—Ont. incorp. June 5, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Hennessy Exploration — Ont. incorp. June 3, 1936. H. O. Haileybury. Author. cap. $150,000 divided into 30,000 shares of $5 each.

Kersley Gold Dredging—B. C. incorp. June 6, 1936. H. O. 710 Seymour St., Vancouver. Author. cap. $50,000 in 2,000 shares of $25 each.

Highland-Bell—B. C. incorp. May 13, 1936, to acquire from Highland Lass and Bell Mine, the mineral claims owned or operated by them. H. O. Buckland Bldg., Bernard Avenue, Kelowna. Author. cap. $1,500,000, par $1.

Kiena Gold Mines—Ont. incorp. June 12, 1936. H. O. Toronto. Author. cap. 3,000,000, no par value.

Lake Dasserat Mines—Ont. incorp. June 6, 1936. H. O. Toronto. Author. cap. 100,000 shares, no par value.

Lessard Siscoe Gold Mines—Que. incorp. June 3, 1936. H. O. Montreal. Author. cap. $2,000,000, par $1.

Martin-Bird Gold Mines—Ont. incorp. May 20, 1936. H. O. Toronto. Author. cap. $4,000,000, par $1.

Mat-A-Lac Gold Mines (1936)—Ont. incorp. May 26, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Mineral Industries — New Brunswick incorp. June 30, 1936. H. O. Saint John. Author. cap. 1,500,000 shares, no par value.

Mines d'Ordu Lac Larone—Que. incorp. June 9, 1936. H. O. Chicoutimi. Author. cap. $40,000, par $1.

Mines Selections—Ont. incorp. June 9, 1936. H. O. Toronto. Author. cap. $300,000, par $1.

Mono Long Lac Syndicate—Ont. incorp. June 3, 1936. H. O. Toronto. Author. cap. 40,000 shares, no par value.

Nordarm Longlac Mines—Ont. incorp. May 20, 1936. H. O. Toronto. Author. cap. $1,500,000, par $1.

North Huron Gold Mines—Ont. incorp. June 3, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

North Shores Mines (1936)—Ont. incorp. May 20, 1936. H. O. Toronto. Author. cap. $2,000,000, par $1.

Numaque Mining—Quebec incorp. June 21, 1936. H. O. Montreal. Author. cap. $3,000,000, par $1.

O'Connell Mines (1936)—Ont. incorp. June 8, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Optic Lake Gold Mines—Dom. incorp. June 5, 1936. H. O. Toronto. Author. cap. $3,000,000 shares, no par value.

Oro Plata Mining—Ont. incorp. May 22, 1936. H. O. Toronto. Author. cap. 40,000 shares, no par value.

Pandora Cadillac Gold Mines—Ont. incorp. June 2, 1936. H. O. New Liskeard. Author. cap. $3,000,000, par $1.

Piedmont Mining and Development—Ont. incorp. May 22, 1936. H. O. Toronto. Author. cap. $50,000, par $1.

Porcupine McNabb Gold Mines—Ont. incorp. May 12, 1936. H. O. Haileybury. Author. cap. $3,000,000, par $1.

Presdor Porcupine Gold Mines—Ont. incorp. June 16, 1936. H. O. Toronto. Author. cap. $2,500,000, par $1.

Prospect-Drilling & Development—Ont. incorp., June 24, 1936. H. O. Toronto. Author. cap. 40,000 shares, no par value.

Que-On Mines—Ont. incorp. June 12, 1936. H. O. Toronto. Author. cap. $1,000,000, par $1.

Richmac Gold Mines (1936) — Ont. incorp. June 2, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Reconor Gold Mines—Ont. incorp. June 24, 1936. H. O. Hamilton. Author. cap. $3,000,000, par $1.

Rowan-Red-Lake Gold Mines — Que. incorp. June 10, 1936. H. O. Montreal. Author. cap. $3,000,000, par $1.

Russclark Exploration Syndicate—Ont. incorp. June 1, 1936. H. O. Toronto. Author. cap. $40,000, par $1.

Savant Sturgeon Gold Mines — Ont. incorp. June 3, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Shield Mining—Que. incorp. June 5, 1936. H. O. Noranda. Author. cap. $20,000, par $1.

Solidago Mining—Ont. incorp. June 9, 1936. H. O. Toronto. Author. cap. $5,000,000, par $1.

Studer Exploration & Drilling—Sask. incorp. June 20, 1936. H. O. Prince Albert, Sask. Author. cap. $20,000, in 2,000 shares at $10.

Telluric Gold Mines—B. C. incorp. June 12, 1936. H. O. Kamloops. Author. cap. $1,000,000, in 2,000,000 shares of 50 cents each.

Trout Lake Gold Mines—B. C. incorp. as a specially limited company, June 19, 1936. H. O. Suite 522, Metropolitan Bldg., 837 Hastings St. W., Vancouver. Author. cap. $10,000, divided into 20,000 shares of 50 cents each.

Tulameen Gold Placers—B. C. incorp. June 5, 1936. H. O. 470 Granville St., Vancouver. Author. cap. $250,000, par $1.

Unuk River Placer Gold—Incorp. in the territory of Alaska, was registered as an extra-provincial company in B. C. June 19, 1936. H. O. Ketchikan, Alaska. H. O. c/o Patmore & Fulton, Prince Rupert, B.C.

Vermor Gold Mines—Ont. incorp. June 15, 1936. H. O. Toronto. Author. cap. $3,000,000, par $1.

Western Dominion Coal Mines—Sask. incorp. June 5, 1936. H. O. Taylorton, Sask. Cap. $100,000.

Wintricia Mines—Ont. incorp. May 22, 1936. H. O. Kenora. Author. cap. 40,000 shares, no par value.

Wisik Gold Mines—Ont. incorp. June 17, 1936. H. O. Toronto. Author. cap. 3,000,000 shares, no par value.

Wren Gold Mines—Ont. incorp. June 6, 1936. H. O. Toronto. Author. cap. $2,000,000, par $1.

Capital Increased

Opemiska Copper Mines—Supplementary letters patent issued June 24, 1936, increasing the capital from $3,000,000 shares to 5,000,000 shares no par value.

Fort Rouille Mining —Supplementary letters patent issued May 26, 1936, increasing capital by creation of 1,000,000 additional shares, no par value.

Capital Surrendered

Read-Authier Mines — Supplementary letters patent were issued May 2, 1936, ratifying a by-law of the company, that subject to confirmation, 1,000,000 shares be cancelled, reducing the authorized capital stock to 2,000,000 shares, par $1.

Charter Surrendered

Rouyn Copper Gold Mines—Notice given May 30, 1936, that application for surrender of charter will be made.

Marbuan Gold Mines—Notice given of surrender of charter July 13, 1936.

Richmac Gold Mines—Notice given June 26, 1936, that company will make application for surrender of charter. Succeeded by Richmac Gold Mines (1936) Ltd.

The Laird Mining and Exploration—Notice given at Sault Ste. Marie, June 22, 1936, that surrender of charter will be made.

Casey Summit Gold Mines—Notice was given June 15, 1936, that company will make application for the surrender of its charter.

Bag Bay Mines—Will make application for surrender of its charter.

In Liquidation

Gains—More Gold Mines Syndicate—Notice given at Montreal June 13, 1936, that the company had made an assignment.

Change of Name

Pouliu Gold Mines—Supplementary letters patent were issued June 5, 1936, changing the name of the company to Pouliu Mining Co.

Adanac Gold Mines—Supplementary letters patent were issued May 19, 1936, changing the name of the company to Adanac-Quebec Mines.

Mining Enquiries

Halcrow Swayze

Is Halcrow Swayze Mines resuming development work? If so, in what condition are finances? What values have they obtained?

Halcrow Swayze Mines has recently resumed development on its gold prospect of 36 claims in Halcrow Township, Swayze area of Ontario. Several deep holes are being put down to 1,000 ft. and a few short holes will be also drilled. This work will be in the nature of preliminary test of the property in order to see whether further development work is justified.

As to finances, as at April 30, 1936, the company reported current assets of $5,902, of which $1,659 was cash. Current liabilities were $9. In July of this year, the company sold 200,000 shares at 5 cents a share and granted options on the remaining 290,745 treasury shares at 10 cents a share to be taken up by August 31, 1936. It is this money that is being used to finance the current development work.

Previously, the company estimated ore reserves at 82,500 tons, averaging $3.85 per ton above the 200-ft. level and a further 45,000 tons from the 200- to 345-ft. level, These values were, of course, at $20.67 per oz. gold.

Wascanna Gold

I would appreciate if you will give me what information you can as to the location and the numbers of the claims owned by Wascanna Gold Mines.

Wascanna Gold Mines owns 9 claims in the Tashota district of Ontario. Three of these claims were purchased and 6 were staked by Wascanna. The location of this property is on the south side of the C.N.R. railway, about one mile east of Tashota station.

The property is an old one and the former workings are now being dewatered. Financing has been arranged through H. B. Housser & Company, members of the Toronto Stock Exchange.

Pandora Cadillac

Kindly give me a report on Pandora Cadillac Gold Mines. Thank you for past favors.

Pandora Cadillac Gold Mines was recently incorporated with an Ontario charter, and an authorized capitalization of $3 millions in $1 par value stock.

The company is at the present time dewatering the old shaft on this property down to the 125-ft. level. A geological survey will be started on this level along with sampling operations.

The property is in the Cadillac section of northwestern Quebec to the east of Thompson Cadillac and O'Brien.

Andrew Walz, who is consulting engineer for this company, is a well-known engineer of good repute. As you know, this whole area is undergoing intensive development work, due largely to the sensational results obtained at O'Brien and the recovery of Thompson Cadillac. Apart from these general factors, little is known of the actual property of Pandora Cadillac.

NORTHERN CANADA MINING CORPORATION, LIMITED
New mines financed, managed and developed to production.
44 Victoria Street, Toronto, Can.

Rahill Mining Starts Shaft on East Group

From Our Own Correspondent

WINNIPEG.—Well satisfied with conditions at Red Lake, George Glendinning, Toronto engineer and vice-president of Rahill Red Lake Mining Co. has been in Winnipeg purchasing equipment for the property. Mr. Glendinning says that on the west group diamond drilling shows free gold in a core over 39 inches in width. This drilling is being done close to the line where Gold Eagle Gold Mines property and McKenzie Red Lake join on to Rahill.

On the east group shaft sinking is to be commenced on a strong showing within a feew hundred feet of where the Ear Fall power transmission line crosses the Rahill property. Camps are also being erected for a crew of about 40 men.

MOOSHLA
The third stage of development on this property has now been started under the direction of the Company's consulting engineer, H. S. Denny, C.H.E., M.Inst.M.M. This will consist of deepening the shaft which has just been enlarged to three-compartment size to a depth of 500 feet. Lateral development on the 115-ft. level will be extended to delimit the ore body and two new levels will be opened at 230 and 345 feet.
Full particulars on request.
DRAPER DOBIE & CO.
Members
The Toronto Stock Exchange
ADelaide 9171
330 BAY ST. TORONTO

WENDIGO GOLD
MINES LIMITED
Complete information regarding this junior producing mine may be had from
A. G. WHITE & COMPANY
512 METROPOLITAN BLDG. TORONTO ELgin 6373

J. E. GRASETT & CO.
Members The Toronto Stock Exchange
302 Bay St., Toronto
WAVERLEY 4781
Branch Office:
2822 Dundas St. at Heintzman Ave. JU. 1167

Thousands Finding Work In Booming Gold Fields
FROM THE MONTREAL DAILY STAR, JUNE 30TH, 1936

Unquestionably, Canada's Mining Industry is a field of outstanding importance to investors at the present time. For up-to-date information about all branches of the industry, consult our Mining Department . . . organized to offer you a complete service in all matters pertaining to mining investments.
Write, wire or telephone us.
Enquiries answered promptly.
JOHNSTON AND WARD
Head Office: THE ROYAL BANK BUILDING, MONTREAL
Members: Montreal Stock Exchange
Montreal Curb Market
Canadian Commodity Exchange, Inc.
Branches: Montreal, P.Q.; Toronto, Ont.; Kingston, Ont.; London, Ont. Moncton, N.B.; Saint John, N.B.; Halifax, N.S.; Sydney, N.S.
130

AN IMPRESSIVE RECORD
AS PIONEERS in the Red Lake Area we are gratified to point out that we were either the Sponsors of, or participated in the financing of the following Red Lake Properties:
McKenzie Red Lake
GOLD MINES, LIMITED
Now an established gold producer with a current production of about $70,000 monthly. On a milling basis of 150 tons to 160 tons per day. Declared initial dividend of 3 cents per share in June, 1936. Early mill set-up indicated.
Red Lake Gold Shore
MINES, LIMITED
150-ton mill now under construction, starting production probably around the middle of August.
Gold Eagle
GOLD MINES, LIMITED
Sensational ore disclosures on 500-foot level latest of remarkable ore successes. Large tonnage of exceptionally high-grade ore now indicated.
McCuaig Red Lake
MINES, LIMITED
Diamond drilling campaign under consideration if present surface exploration satisfactory. Amply financed.
Middle Bay
MINES, LIMITED
Now financed for resumption of operations. Two mineralized zones 900 feet apart located to date.
Our Statistical Department Would Be Pleased to Render Detailed Reports on the Above, and Other Red Lake Properties as we believe this camp is still in its infancy.
C. A. GENTLES & CO.
Members
THE TORONTO STOCK EXCHANGE
347 Bay Street ADelaide 4012 Toronto

Stock Market Outlook Changes

Canadian Stocks May Follow Rise in New York

STILL LAG BEHIND

Long-Term Influences Favorable for Investor

By JOHNSTON GILROY

The recent upward flurry of stocks in New York, to which Canadian stocks have responded rather more slowly than usual, hardly serves to clarify the market outlook for the remainder of this year.

There seems to be little doubt among students of the market that the recent rise can carry further, but the longer it continues the greater the possibility of a substantial recession.

In the recent marked advance in New York, market averages have been carried well above those for Canadian stocks. Consequently, there is some expectation that Canadian stocks will climb upward too, in line with the Wall Street movement, as has been the case in similar circumstances over the past 3 years.

Optimism for Investors

For the long-term investor who does not need to worry greatly over immediate fluctuations, the word that is being given out is to hang on. Major underlying factors point to continuation of stock market buoyancy, based on improved economic conditions, possibly over several years.

Stock market fluctuations this year have put the averages well above the highest levels of 1935, although all types of stocks have not participated equally. There was a striking advance, uninterrupted for almost exactly 12 months between March, 1935, and March, 1936.

This naturally led to expectations that a substantial recession would develop and it did, apparently culminating at the close of April. Since that time there has been recovery to new high levels in New York. Canadian market averages, however, have remained below the highest points for 1936, which were reached in February.

Averages Compared

One of the better methods of getting a clear picture of relative stock market levels is comparison of averages compiled by the Montreal and Toronto stock exchanges and the Dow-Jones average for industrial shares in New York.

At the close of 1935, they stood approximately:

	Montreal (Exchange Indices)	Toronto (Exchange Indices)	N. Y. (Dow-Jones)
Close 1935	68.6	128.5	142.0
Rise, 1935, % ..	24.5	29.7	46.6

Present approximate averages and the percentage advance this year are:

July 25	76.5	133.4	165.6
Rise %	11.5	3.9	16.6

Because of the substantial rise of prices in 1935, it was naturally expected that it would be more difficult for the rise to continue without interruption in 1936.

Earlier Analysis

It will be recalled that The Financial Post's survey of the outlook for 1936 suggested possible high and low limits to 1936 fluctuations as follows:

Earlier Estimate	Possible 1936 Limits		
Highs	80	150	168
Lows	60	113	126

What has happened is that the low points have not been approached closely, bottom levels of the respective averages this year having been 69.5, 125.7 and 143.1 respectively. The possible highs, however, have been closely approached. The Montreal Stock Exchange index for industrials got to 78.4, and the Toronto Stock Exchange average reached 143.5. Dow-Jones industrials in New York have run well above 160 for some time.

In view of the consolidation in March and April and various modifying circumstances, some revision of high-low estimates is probably warranted. It now seems unlikely that the Montreal average will get below 65 or that the New York figure would drop below 130 this year. On the high side, however, the Montreal figure may pass 80 and the Dow-Jones average may cross 170. The Toronto average would do well to reach 150.

Investing for Improvement

Comparison of recent levels of stocks by groups shows a tendency toward greatest improvement in values in the types of shares that are farthest below their 1929 levels. This is shown below:

Direction of Stock Movement
(D. B. S. Indices 1926=100)

	Close '35	Below '29 %	July 16 '36	Rise %
Pulp, paper	16.3	86.2	19.2	17.8
Transport'n	27.6	82.8	32.6	18.1
Milling	77.6	71.0	85.6	10.3
Iron, steel	124.3	67.6	124.5	0.2
Pwr. Traction ...	62.7	67.5	66.3	5.7
Oils	212.0	49.1	228.1	7.6
Miscell's	291.5	42.5	335.7	15.2
Textiles	70.7	35.8	68.7	*2.8
Beverages	154.3	23.4	130.4	*15.5
Foods	148.8	23.2	152.2	2.3
Telephones	106.5	15.2	112.0	5.2
Total	110.2	53.2	119.4	8.4

*Decline since Dec. 31, 1935.

Where are the fields for most profitable investment in recovery now?

Herbert Casson, editor of Efficiency Magazine, laid down a rule in writing for Maclean's Magazine that has appeal, especially in a recovery period. It is: "Buy the ordinary shares of the best companies in the most depressed industry."

Without taking the maximum risk implied in Mr. Casson's rule, the long-term investor for recovery might do worse than to put some money into newsprint securities such as heavily depressed preferred shares, into C.P.R. convertible bonds or even the common, into some of the lower-priced preferred or common shares of construction and steel firms and so on.

Fears of the Moment

An upward movement from the depths, such as that since April 30, invariably engenders speculative enthusiasm for the short term. At present, however, there is a good deal of scepticism over how far the advance will carry. The reasons for this are the various uncertainties in the short term outlook. They include:

1. Adverse effects of drought.
2. The extent of the stock market advance without a serious setback.
3. Possible foreign exchange disturbance originating with the franc.
4. The U.S. election and strained international politics particularly in Europe.

Near-sighted View

Undoubtedly it is a loss to have drought damage crops not only in western Canada but also in parts of Ontario. While individuals are hit hard, the effect on the whole Canadian economy is eased somewhat by higher prices for farm produce.

As to the extent of the stock market rise, it should be noted that Canadian market averages have improved very little since the April slump. The significance of this is that a good deal of necessary liquidation appears to have taken place during the period since April.

This does not take into consideration mining shares, of course, which have been putting on a spectacular show. The mining market is rather a study in public psychology, but will probably show some spectacular losses as well as avaricious profits for participants. It is not discussed in this article.

Exchange Important

Probably a slump of the franc has been pretty well discounted by security markets because it has been expected off and on for over 3 years. The serious possible effect of such a development, however, would lie in any softness that might develop in the pound sterling. It is recognized on all sides that the high pound has helped Canadian business immeasurably, and a decline in sterling would probably do the opposite. But this does not seem to be in sight.

Because of the close relationship of Canadian stock prices to those in Wall Street, it is only natural to expect that any disturbing effects of U.S. presidential election would extend to Canada. This is probably one of the most likely sources of change in investment psychology this year. The recent strength in New York stocks is attributed partly to the possibility that the Roosevelt administration and its socializing policies may be defeated. If this is correct, it follows that political events may also turn prices downward before the year is out.

Power of Resistance

Upsets in international politics have brought Europe so close to war this year that it is natural to feel that this influence has done its worst and that stock prices can withstand such shocks.

Probably the most important influences in both the short and long term market outlook are the limited supply of securities and the expansion of demand for them. Higher prices for both bonds and stocks have brought out remarkably little new financing. Sales of securities have consisted largely of refinancing rather than creation of new open market supplies. Meanwhile expansion of credit has helped lower interest rates, that is raise security prices. And the overlapping of money from bonds into preferred and common stocks is a constant investment support under the market.

Obviously these are reasons for expecting that whatever recessions may develop in the stock market this year will only be temporary.

Basic Influences

For the longer term, fundamental factors pointing to further recovery of both business and stock markets may be enumerated:

1. Depreciation and obsolescence have created an unusually heavy potential demand for replacements and new equipment, so that steel, machinery, construction and similar industries should feel marked improvement in time.
2. Credit has been expanded through the banking systems so that interest rates are low, tending to increase earnings of borrowers and to keep security prices high.
3. Commodity prices have been firm or rising, a favorable influence on incomes and earnings in a producing country like Canada.
4. Effective stability has developed in major currencies, tending to encourage international trade.

Chief Weakness

The chief weaknesses in the long term picture are first government deficits and second the possibility of war. Both are inflationary in character and might serve to stimulate a boom in both business and securities. Both are likely to end in some sort of collapse, however, with painful results.

Business and stock markets have been running ahead in Canada without much apparent regard for serious problems in government finance. Unless "something turns up," however, correction of the weakness in Canadian government finance may be forced upon us, possibly bringing even higher taxation.

Scope For Recovery

The potential demand for new goods due to depreciation and obsolescence in the depression is mostly just potential at present. There are signs of change, however, as noted by The Royal Bank of Canada in a recent monthly letter as follows:

"Where private building amounted to about $20 millions of the total of $57.1 millions in the first 5 months of 1935, it had amounted to $46 millions out of $56.9 millions in 1936. Private building has more than doubled. New investment is beginning to carry the load. Consumers' goods recovery is yielding to that more substantial improvement which results from the creation of new durable goods."

If the tendency to greater activity in steel, building and other heavy equipment industries continues, it means there is considerable further scope for recovery.

Basic Industries

Last year the great basic industries showed comparatively little improvement over 1931, although considerably above the worst depression experience. Comparative figures in major fields follow:

National Production in Canada
(Millions of Dollars)

	1931 $	1934 $	1935 $	Chge. '31-'35 %
Manufactures	1,474.6	1,246.5	1,341.2	— 9.0
Agriculture ...	610.3	667.2	686.2	+12.8
Mining	228.0	278.2	310.8	+36.3
Forestry	200.7	163.5	197.8	— 1.5
Electricity ...	122.3	133.8	158.7	+29.7
Construction .	205.1	81.8	105.3	—48.7

The important thing about the comparative depression in such industries as agriculture, forestry and construction is that these major activities form a wide field for further long term improvement.

Agriculture will undoubtedly suffer from this year's drought conditions. Even without the drought, prices for farm commodities were none too high. There seems no good reason, however, why normal crops should not be obtained again, and any tendency toward increased international trade should work to improve prices for farm products. New Empire trade treaties to replace those expiring in 1937 would be helpful to Canadian agriculture.

Then there are the forest industries. Lumber production has increased sharply, but still the industry has a long way to go to get back to peak levels of profits and production. The newsprint industry is making new production records but without satisfactory earnings. This may be remedied in the near future in improved newsprint prices, which would give a further boost to both stock and bond prices and to business in general.

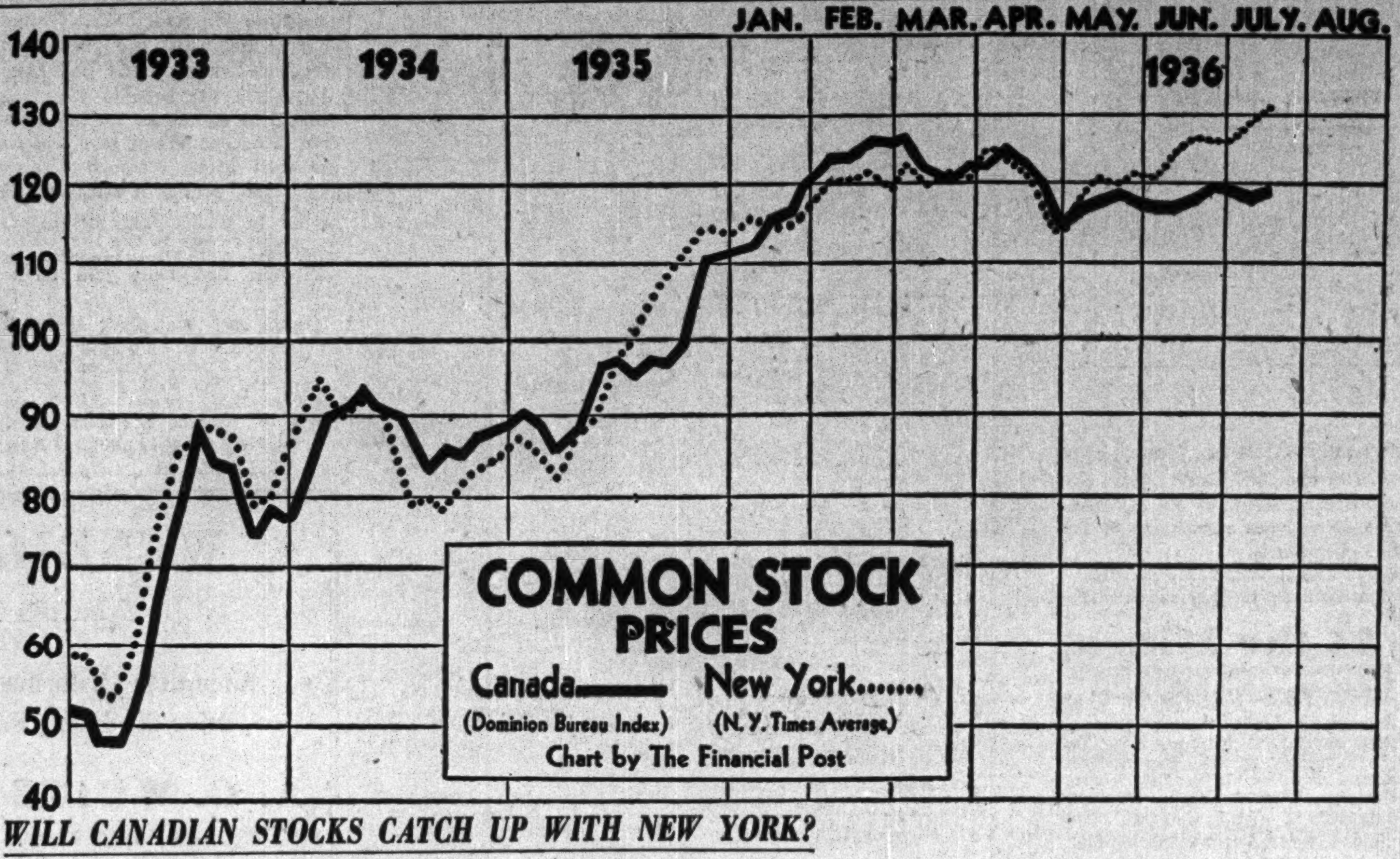
Inflationary Influences

The inflationary influences that lie behind business improvement and stock market strength may continue to be important for some time to come.

Expansion of bank credit coupled with increased corporation accumulations of working capital has impelled banks to buy hundreds of millions in government bonds. The same thing has been going on in the United States. In Great Britain deliberate credit policy has raised government securities too.

These policies have released cash into other types of securities, so that apart even from improved business conditions there has been an inflationary rise in share prices. It does not seem out of line, for instance, to see prime common shares selling to yield less than 5% when gilt-edged bonds yield less than 3%.

The inflationary influence has not been so marked in commodities largely because there has been no scarcity factor on the supply side of the price equation such as comes in time of war. In the long run, however, there may be some further stiffening of commodity prices such as has been evident in metals. This in turn should contribute to improved earnings for Canada which is a large producer of commodities. The credit expansion that has already taken place seems ample to keep security prices high even though business conditions may continue to improve only gradually.



WILL CANADIAN STOCKS CATCH UP WITH NEW YORK?

The remarkably close relationship of Canadian stock market fluctuations with those in Wall Street is depicted in this unadjusted chart of Dominion Bureau and N. Y. Times weekly averages. It is also noteworthy that price movements in Canada have been inclined to follow those in New York, at times rather sluggishly. This makes the present divergence in fluctuations of particular interest, because continuation of the rise in New York would be expected to pull Canadian markets upward more noticeably.

In 1935 there was a considerable delay before Canadian prices followed New York, which is attributed to the influence of the Canadian general election then pending. After the election, Canadian stocks not only made up lost ground but temporarily lifted the average above that for New York.

Stop & Shop Sales Higher

Gain 10% in 5 Months; Merger Rumors Off Line

Sales of Stop & Shop Ltd. in the 5 months since the close of the fiscal year last Feb. 22 are understood to have shown an improvement of about 10%.

The company, which operates a chain of 111 meat, fish and grocery stores in Toronto, Montreal and Ottawa showed a net loss of $125,105 in the year ended Feb. 22, 1936. The loss included allowance of $56,000 for depreciation and $38,500 for bond interest.

Merger Unlikely

Rumors continue to circulate regarding a possible merger of the company with Dominion Stores. This talk has gone on for many months, but there is understood to be little or no possibility of such a merger at the present time. In fact, The Financial Post is informed that merger is not even under discussion at present.

The company's working capital was $166,000 at February 22, 1936, compared with $257,000 a year earlier. The reduction was due largely to the loss and payment of bond interest for the last year. Consequently, there is little expectation of any payment on the 6% preference shares of $10 each, of which there are 55,555 outstanding.

Cut in Interest Vancouver Hope

VANCOUVER.—Ald. G. C. Miller, chairman of the finance committee of Vancouver's city council, is hopeful some agreement may be reached with holders of city bonds for reduction of interest along the lines set forth in the plan he presented to Jules Fortin in Winnipeg. Mr. Fortin represents large bondholders and conferred with Ald. Miller and Ald. T. H. Kirk on various bond interest plans.

Mr. Fortin has not yet replied to the Vancouver council, but lack of definite negative is being interpreted as a hopeful sign by the Vancouver council. It is recognized, however, that even tentative discussions of this sort usually take a great length of time, especially since bondholders are scattered throughout the world.

Sliding Scale Scheme

The Miller proposal offered a sliding scale of bond interest reduction during the next 5 years, starting at 30% and gradually declining the reduction to 20, 15, 10 and 5%.

Winnipeg's Newest Hotel
The Marlborough
In the Heart of the City
Fireproof Construction
European Plan
Rates in Keeping with the Times
220 Rooms

The BACHELOR'S COLUMN

Us Nautical Folks

If you should happen to come down to our boating club this week-end, you'll see me ... wearing a yachting cap and shouting through a megaphone ... I'm on the regatta committee, you see, and I'll be superintending the start of the dinghy races ... And judging the canoe tilting ... Between events, you'll find me on the Club-house verandah enjoying a Bachelor Cigar with other discriminating members and guests ... Bachelors are pretty popular with us nautical folks, you know.

"IT'S GOOD TO GET BACK TO A 10c CIGAR"

WILSON'S BACHELOR Cigar
10¢
100% Havana Filler

TRANSFER AGENT

This institution is fully equipped to render a complete service as Trustee, Registrar, Transfer Agent, Agent under Escrow or Pooling Agreement, etc.

Should you desire to use any of these services, we would be pleased to discuss them with you.

MONTREAL TRUST COMPANY
61 Yonge St., Toronto
J. E. HOBKIRK, Manager

Legal and Professional Directory

Pitblado, Hoskin, Grundy, Bennest and Drummond-Hay
Pitblado, Hoskin, Turner, McEwen and Alsaker
Barristers, Solicitors, Etc.
Hamilton Building
WINNIPEG, CANADA

PEARSON, RUTLEDGE & DONALD
BARRISTERS, SOLICITORS, &c.
G. FRED PEARSON, K.C.
J. E. RUTLEDGE, K.C.
ROBERT T. DONALD, LL.B.
CABLE ADDRESS: "PEARSON," HALIFAX
Chronicle Building
Halifax, Nova Scotia

Victor A. Sinclair, K.C.
Formerly Chairman, Workmen's Compensation Board, Ontario.
Special attention Workmen's Compensation, Social Insurance, Life Insurance, Corporation and Commercial Law.
1503 Canada Permanent Bldg.,
TORONTO, CANADA

SPORTS COATS
OUTING TROUSERS
TROPICAL SUITINGS

They're Cool-Looking and Smart for every Summer Activity!

In addition to the fine, selected fabrics, this perfect summer attire shows the extra care and pride of craftsmanship that everyone has come to expect from Levy Bros'. tailoring. Come in and let us show you the wide selection of styles and designs we have for your choice.

Levy Bros.
69 WEST KING ST.
TORONTO, ONT.

A. J. PATTISON Jr. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

CHARTERED ACCOUNTANTS

Robertson, Robinson, McCannell & Dick
CHARTERED ACCOUNTANTS
D. H. McCANNELL—Licensed Trustee in Bankruptcy
Sterling Tower, Toronto

RONALD, GRIGGS & CO.
Chartered Accountants
Winnipeg
Saskatoon

MILLAR, MACDONALD & CO.
CHARTERED ACCOUNTANTS
WINNIPEG MANITOBA

WILTON C. EDDIS & SONS
Established 1895
CHARTERED ACCOUNTANTS
Federal Building, Toronto

McDONALD CURRIE & CO.
CHARTERED ACCOUNTANTS
Montreal Toronto Quebec Ottawa

J. M. Dunwoody, C.A.
C. W. Nicholl, C.A. Thos. E. Saul, C.A.
DUNWOODY, NICHOLL, SAUL & CO.
CHARTERED ACCOUNTANTS
WINNIPEG, MANITOBA

T. A. GETTY
Chartered Accountant
Suite 302, Walter Scott Bldg.
Moose Jaw, Sask.

RUTHERFORD WILLIAMSON & CO.
CHARTERED ACCOUNTANTS
RUTHERFORD WILLIAMSON, F.C.A., HAROLD A. SHIACH, F.C.A.,
TORONTO, MONTREAL
Licensed Trustees and Receivers
Rutherford Williamson, F.C.A. F. R. McCutcheon, C.A.

E. R. C. CLARKSON & SONS
Licensed Trustees and Receivers
CLARKSON, GORDON, DILWORTH & NASH
CHARTERED ACCOUNTANTS
15 Wellington Street West, Toronto
Toronto—Montreal—Ottawa

TO MANY HOMES
... The Symbol of Stability

If all the Canadian homes safeguarded by Great-West policies were brought together into one area, they would form a good-sized city, with a population of over one million. Great-West policyholders are to be found in every city of Canada, in small towns, in villages and on farms. Their homes have the protection that can be obtained in no other way than through Life Insurance.

You can find the particular type of policy that will give you and yours just the kind of protection you desire. See a Great-West man or write to Head Office.

Salary Continuance
Few people realize that they can arrange through The Great-West Life to have their full salaries continued a year or more after death, for the protection and convenience of their families. The cost is small and the benefits are great.

THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE WINNIPEG